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A TOWN TRANSFORMED

**BUSINESS SUMMARY**  
**Pembridge poised to win DRG**

**FEMBRIDGE** Investments, the Bermuda-based investment vehicle, was last night thought to have won its \$897m battle for UK paper and packaging group DRG after being granted official clearance to pursue its cash offer.

Pembridge is believed to have acquired 13 per cent of DRG yesterday, which would leave it controlling slightly over 50 per cent of its target. Page 8 and Lex, Page 22.

LONDON Stocks ended a week of recovery with a 15.1-point gain for the FT Ordinary Share Index, which closed at 1,746.4.

**FT Index**

Ordinary share (hourly movements)
1740
1720
1700
1680

All-time high 2008.40 (1990)  
Days close

30 Oct 1989 Nov 3

A week earlier, it had plunged 42 points to 1,678.5 on news of Nigel Lawson's resignation as Chancellor. Page 18; Lex, Page 22.

**UAL:** A New York investment firm aims to unseat the board of United Airlines' parent company and then push through a deal it says would benefit UAL shareholders. Page 22.

**BUDGET Rent a Car's** Australian organisation failed, adding Bob Ansett's name to the list of Australian businessmen who have become corporate casualties. Page 10.

**COATS VIVELLA,** Britain's biggest textile group, is closing two factories in Lancashire and Yorkshire with the loss of more than 350 jobs. Page 4.

**BUY-OUTS:** Companies bought out by their managements do better than smaller non-buy-out companies in the first three years but then perform worse than average, says a Warwick Business School study. Page 4.

**MEGGITT,** UK engineering group bidding £104m for United Scientific Holdings, will disclose the number of acceptances for its offer on Monday. Page 8.

**MATEA,** French defence and electronics group, plans a joint six-air missile venture with its new partner, BGT of West Germany. Page 2.

**CHARTERED** accountants in England and Wales have told the Government they strongly oppose plans to introduce shortened financial statements for small investors. Page 4.

**NIPPONDENSO,** Japan's biggest vehicle parts maker, has bought IMI Radiators, Britain's last independent radiator maker, for \$25m. Page 22.

**CANADIAN IMPERIAL** Bank of Commerce is selling the stake in City stockbroker CIBC Grenfell & Co. Page 22.

**CHINA LIGHT** and Power, the Hong Kong electricity company controlled by the Kadocrie family, boosted profits by 10.3 per cent to HK\$2.02bn (£163.8m) after tax and transfers under a government scheme of control. Page 10.

**CINZANO,** Italian vermouth and wine group, forecast net annual profits of £1.4bn (£1.5m), up from £1.6bn in 1988. Sales rose 15 per cent. Page 10.

**HARRY RAMSDEN,** the biggest fish and chip shop in the world, is to float on the Third Market on Monday with a 54m share offer. Shareholders will get a 20 per cent discount on weekday meals at the Yorkshire restaurant. Page 8.

**Government confident of success in water sell-off**

By Andrew Hill

THE GOVERNMENT yesterday showed its conviction that the controversial privatisation of the water industry would succeed by announcing that it would sell 100 per cent of the 10 water companies in England and Wales.

It said the water and sewage businesses of England and Wales would pursue "progressive dividend policies" - a strong indication that they will increase their annual dividends above the rate of inflation.

A common share price, which is likely to be about 250p, the dividend yield and the number of shares to be sold in each company, will be announced on November 22. About a sixth of the shares to be issued will be offered to investors in Japan, Canada, the US and continental Europe.

Most of the income from the water companies is contained in the 600-page "pathfinder prospectus" launched yesterday by ministers, advisers and company chairmen against a high-technology backdrop of video screens and clear plastic columns filled with bubbling water.

Mr Chris Patten, the Environment Secretary, described the flotation as "the first privatisation designed to improve our environment." He played down the possible effect of recent stock market and political unrest on the flotation and said political opposition to the measure had been confused.

He revealed that nearly 4m shares had registered with the share information office so far. "I think that is an indication that the political flak that has flown has not deterred people," he said.

The pathfinder prospectus forecasts that final dividend payments by all 10 companies will total at least £22.6bn in 1989-90 and a national net dividend, which assumes the businesses were privatised at the beginning of this financial year, of £39.8bn.

On that basis, if the Government sold the companies on an average dividend yield of 8 per cent the sale would raise about £5.6bn - at the lower end of the £5bn-£7bn range suggested before last month's stock market turbulence. The Government has already written off the companies' debts of £5bn and injected a so-called "green dowry" of £1.57bn.

The prospectus also forecasts pre-tax profits for the industry of about £1.15bn for the current year, only just above the 1988-89 operating profits figure of £1.12bn.

The companies pointed out that this year's figures would be affected by increased regulation, the impact of new accounting policies and the cost of environmental improvements. However, they would not benefit from revenue generated by increased charges set according to new pricing limits, which do not take effect until 1990-91.

At current prices, the companies are expected to spend £1.15bn on capital expenditure over the next five years. Faced with the water music, Page 6; Lex, Page 22; A flotation for the customer, Weekend FT, Page 11.



Chris Patten introduces 'the first privatisation designed to improve our environment' - THE PATHFINDER PROSPECTUS

100 per cent of each company to be sold  
10 Forecast 1989-90 profits for all 10 companies of £1.15bn before tax  
Forecast final dividend payments for 1989-90 of £22.6bn

Common share price about 250p, payable in three instalments. First instalment 100p; final instalment in July 1991  
Between 25 and 50 per cent of offering available to public  
About 33 per cent of public's shares for preferential allocation to registered customers  
One sixth of issue shares to be offered abroad  
Forecast capital spending of £24.6bn in 10 years from 1989 (1989 prices)

**FINAL TIMETABLE:** November 18 Deadline for registration for incentives 22 Price published; mini-prospectuses posted to pre-registered customers 29 Application forms and prospectuses generally available December 6 Deadline for application forms 12 Dealings expected to commence

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**Joint venture plan for Channel link**

By Kevin Brown, Transport Correspondent

BRITISH RAIL intends that its proposed high speed line between London and the Channel tunnel should be built and operated by a joint venture company, in which the private sector would have a 50 per cent stake.

The joint venture, announced by BR yesterday, will also run international passenger services from the day the Channel tunnel opens in 1993, effectively creating a new railway company which could eventually be floated.

The deal - with the EuroRail consortium led by Trafalgar Holdings and BCC - means the line will almost certainly run along BR's preferred route through Kent and South London to terminals at Waterloo and King's Cross.

It is also on course to open on schedule in 1993, in spite of the BR board's decision earlier this week to abandon plans to table a private bill this year.

The bill was abandoned because environmental improvements to BR's original proposals had increased the cost from £1.7bn to more than £3bn, excluding the cost of rolling stock and improvements to existing track.

The joint venture company will abandon BR's plans for an 18-mile tunnel under London, costing up to £1.5bn. Trains will run largely on existing track or new tracks laid alongside, cutting a year from the forecast construction time.

The inclusion in the deal of passenger services from 1993 onwards means the joint venture company will have a strong cash flow during the construction period, making it easier to raise bank financing.

BR is also considering making the joint venture company responsible for its potentially lucrative international freight services.

Mr John Welsby, BR's chief executive, said he was confident the joint venture company would be able to raise sufficient finance in time to table a private bill next November.

Mr John Fletcher, chairman Continued on Page 22

**Tottenham Hotspur sets trap to unmask mystery investors**

By Clay Harris

TOTTENHAM Hotspur, which yesterday became the first British football club to value its players as intangible assets, is preparing an outside trap for mysterious investors who have been buying shares through 13 West German banks.

Mr Bob Holt, the club's chief executive, said 3.8 per cent of the company's shares had been bought by 13 West German banks, which had refused to name the beneficial owners - in spite of notices issued under the Companies Act.

He said if Spurs - the only club with a full stock market listing - did not receive satisfactory answers to follow-up inquiries, it planned to discontinue the shares.

While its registrars were looking out for the German long ball, Spurs made corporate history by putting a balance sheet value on the players it buys and sells. Each player's value will be determined by his age, salary and length of contract.

The north London club, eighth in the First Division this morning, said the new accounting policy would allow it to continue to diversify into other leisure activities.

The club joins a growing super league of UK companies such as Guinness, Banks Hovis MacDougall and Beckett & Colman which assign values to intangible assets such as brand names. Its move was applauded by Mr Reg Burr, chairman of Millwall, the First Division club which joined the junior Unlisted Securities Market last month.

It was anomalous, Mr Burr said, that a club might show a loss in a season when it won promotion just because it had spent heavily - whereas relegation as the result of selling all the best players might produce a healthy profit.

Spurs will no longer write off transfer fees such as the £2.2m it spent for Paul Gascoigne or the £1.5m each for Paul Stewart and Gary Lineker. Instead, it will enter the expenditure as an asset in its balance sheet.

For the year to May 31, during which the club made liberal use of its chequebook, the new policy will strengthen the club's balance sheet by about £7m, Mr Holt said. At the end of 1988, the club's shareholders' funds were £12.2m.

As with many assets, however, the players will have to be depreciated. Each will be assigned a residual value based on guidelines suggested by the European Football Association and backed by the Football League.

Based on the length of contract, a proportion of the figure will be written off each year against pre-tax profits. The first impact was revealed yesterday, when Spurs reported pre-tax profits of £251,000 for 1988-89 - less than half the restated £1.53m figure for the previous year.

Just as Guinness applies a value to recently acquired brands, but not to its historic stout, players who rise through the ranks will not appear on the club's books.

Earnings per share fell to 8.6p (18.1p). The final dividend is maintained at 4p per share for an unchanged total of 12.6p. Lex, Page 22

**France expects unified Germany**

By David Marsh in Bonn

PRESIDENT Francois Mitterrand yesterday held out the prospect of an upheaval in the European power balance by suggesting that East and West Germany could be reunified within the next 10 years as part of a "new European structure."

In the most forthright of a recent rush of statements from East and West on the German question, Mr Mitterrand affirmed he was not afraid of a reformation of the two Germanys and that it was a matter, above all, for the German people to decide.

At a press conference ending the latest summit talks between Bonn and Paris, both Mr Mitterrand and Chancellor Helmut Kohl urged reinforced western European integration to present a united front to the rapid changes in the East.

Mr Kohl attempted to dampen French worries about a possible eastwards German drift by reaffirming the primacy of Bonn's western ties. He declared: "We are not waverers between the worlds."

Questioned about the prospects for German reunification in the light of escalating pressure for reforms in East Germany, Mr Mitterrand called the development "legitimate." He energetically denied the traditional impression that France regarded German unity with hostility.

If, in the context of self-determination for the people in East Germany, the Germans decided they wanted to move in this direction, France would adapt its policies in line with its own and European interests, Mr Mitterrand said.

Asked when German reunification could happen, Mr Mitterrand replied: "I should be surprised if the next 10 years should pass without us having to face up to a new structure in Europe. That would surprise me a lot."

Mr Mitterrand said that changes in the centre of Europe were taking place "quickly, very quickly." Even though all German desires for speedy unity might not be satisfied, no responsible European politician would be able to plan ahead without taking possible German reunification into account.

The French president urged all EC countries at the Community summit in Strasbourg next month to join efforts to Continued on Page 22

**James Capel Gold Performance**

AL OERTER (USA), a legend of the Olympic Games, he achieved the seemingly impossible feat of winning FOUR successive discus golds between 1956 and 1968. Few believed he could win a third gold in Tokyo, but he did, extending the Olympic record to 61.00m. He also won the 1968 Mexico Games with a lifetime best throw of 64.78m.

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**WORLD NEWS**

**Brooke 'offer' to Sinn Fein sparks row**

A political row broke out after Northern Ireland Secretary Peter Brooke appeared to suggest that the Government might be prepared to talk to Sinn Fein, the IRA's political wing, if it renounced violence. His statement drew strong criticism from Unionist politicians and some Westminster MPs. Page 22.

**Ambulance men attacked** A gang attacked an ambulance with shovels as it answered an emergency call in Andersonstown. Belfast's resident jumped out of the ambulance and fled into a nearby housing estate. Page 22.

**IBA hares £1m series** The Independent Broadcasting Authority has become the screen The Magic Mirror, a 13-part series of animated film for children funded by cereals company Kellogg's at a cost of about £1m, because a small red K appears on a mirror. Page 22; Background, Page 4.

**Lithuanian vote** Parliament in the Soviet Baltic republic of Lithuania passed laws allowing for a referendum on independence from the Soviet Union and separate Lithuanian citizenship. Page 22.

**Yugoslav alert** Police and military surveillance was stepped up in Yugoslavia's southern province of Kosovo following the death of two ethnic Albanians in Prishtina, the provincial capital. Page 2.

**Bulgarians demonstrate** More than 4,000 Bulgarians, shouting "democracy" and holding placards outside government headquarters in Sofia. Page 2.

**Leipzig mayor resigns** The mayor of Leipzig resigned after six weeks of anti-government demonstrations. Page 2.

**Atom dissolution threat** Christian General Michel Aoun said he would dissolve Lebanon's parliament if it attempted to meet today to elect a president. Bombs exploded in the offices of Christian MPs who voted for the Arab League peace plan. Page 2.

**Giscard resigns** Former French President Valery Giscard d'Estaing resigned from the national assembly to comply with a law forbidding politicians from holding more than two offices. He will remain a European MP and president of the regional council of Anvergne. Page 2.

**Ethiopia-Israel ties** Ethiopia announced that it had re-established diplomatic ties with Israel, severed in 1973. Page 3.

**Sunday collections back** The Post Office is to resume Sunday letter collections in five provincial districts from November 19, following agreement with the Union of Communication Workers. Page 5.

**US judge removed** Judge Walter Nixon of Mississippi was removed from office by the US Senate for perjury in a drug case against the son of a man who made investments for him. Page 2.

**Drug for liver patient** A supply of an experimental Japanese drug, which has not completed clinical tests, reached London last night to give fresh hope to liver transplant patient Mrs Aisling Barnett. Page 2.

**Oliver leaves £1.3m** Actor Lord Olivier left £1.3m, almost entirely to his wife, actress Joan Plowright and his four children. He left items from his theatrical collection to Sir John Gielgud, Sir John Mills, Dame Peggy Ashcroft and Rachel Kempson. Page 2.

**MARKETS**

<b>STERLING</b> New York lunchtime: \$1.572 London: \$1.571 (1.564) DM2.9025 (2.89) FF9.845 (8.81) SF2.5475 (2.54) Y224.75 (para) S 100 (8.1) (8)	<b>DOLLAR</b> New York lunchtime: DM1.245 FF6.265 SF1.8197 Y143.025 London: DM1.248 (1.2475) New York lunchtime: FF6.275 (6.275) Y143.1 (1.425) Y143.1 (1.43.55) S 100: 88.7 (89.9) Tokyo market closed US LUNCHTIME RATES Fed Funds 8 1/4 % 3-mo Treasury Bill: yield: 8.07 % Long Bond: 10 1/2 % yield: 7.93 %	<b>STOCK INDICES</b> FT-SE 100: 2,173.1 (+19) FT Ordinary: 1,746.4 (+15.1) FT-A All-Share: 1,094.54 (+0.9%) New York lunchtime: DJ Ind. Av.: 2,837.09 (+5.53) SAP Comp: 338.85 (+0.17) Tokyo Nikkei: market closed LONDON MONEY 3-month interbank: closing 15 1/2 % (15 1/2) Libs long gilt futures: Dec 91: 91 1/2
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Chief price changes yesterday: Page 22

**Weekend FT**



**PUTTING THE CITY'S HOUSE IN ORDER**

How, some 30 years ago, the City of London attempted to control the first rash of takeovers and stave off the threat of statutory regulation. Page 1

**Finance**

Your guide to the poll tax. Page 11

**How to Spend It**

Lucia van der Post plucks the best Christmas gifts from the charity catalogues. Page XXI

**Motoring**

Stuart Marshall, at Tokyo's motor show, thinks cars will soon be much cleverer than drivers. Pages XVIII

**Travel**

Christopher Dunkley on life aboard a luxury yacht. Pages X

**Collecting**

Antony Thorncroft on why British 20th century art is gaining popularity and Homan Potterton on New York sales of contemporary art. Pages XI and XXII

OVERSEAS NEWS

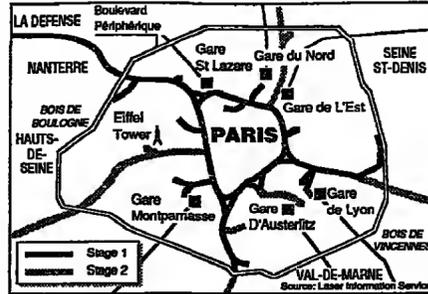
Paris sees science-fiction motorways as key to unlock traffic jams

The typical resident is lucky to get across the city at more than 6.2mph, motorway operators estimate. William Dawkins reports

PARISIAN car drivers travel across their city today at about the same average speed as their great grandfathers would have done 100 years ago, lumbering along in horse and carriage. In six years' time, they might easily instead be speeding along 30 metres beneath the pavement in a science-fiction-style underground motorway network...

But the proposals being considered for the reform of the city's roads and parking spaces are the most spectacular of all Paris' development options, in the best tradition of prestige French infrastructure projects. They are the work of four of France's top five construction companies, now fighting each other for a contract that could be worth up to FF22bn.

"This is the biggest public transport project in Paris since the building of the Metro," claims Mr Philippe Garnier, spokesman for Cofirooute, the construction group, is promoting the more advanced of the two tunnel plans. While the winning scheme would be independently financed and therefore be no drain on city funds, the impact will be so important that Mr Chirac is considering calling a city referendum before going ahead...



Initial signs are that the change could be very unpopular in some quarters. Some Socialist politicians argue that it would instead be better to develop the region's public motorways or to reintroduce city trams. The problem, however, is as wide-ranging as are the solutions now being studied in the town hall. Mr Chirac estimates that there are 4.2m cars based in Paris and the surrounding region...

for a recent rise in sales of four-wheel-drive cars in the city. Added to this, it takes only 110,000 cars to be driving through Paris at any moment for a serious jam to result, the city authorities estimate. The battle for Paris' new roads began two years ago when a director of GTM-Entrepose took advantage of Mr Chirac's presence at the opening ceremony for an underground car park to give him an outline plan.

Entitled Project Laser (Liaison Automobile Sonneraine Expresse Regionale), it would create 22km of underground motorway at a cost of FF16bn during a first phase, to open in 1995, with another 27km, costing a further FF6bn, to open five years later. Since then, financing has been put into place by Dumez, France's second largest construction group which controls GTM-Entrepose, Compagnie Generale des Eaux, plus the banks Paribas, Societe Generale and Banques Indosuez among others.

Motorists would either exit the arrangement of their choice or leave their cars in the 5,000-space underground garages envisaged in the Laser scheme. Entry would be controlled by computer to avoid underground jams and be subject to a FF20 toll. Cofirooute reckons Laser would take 15 per cent of the traffic that now uses the streets, which would allow the project to make a profit in 10 years.

Mr Chirac will not have completed his negotiations with Mr Rocard and the Isle de France authorities before next spring, city officials say. Meanwhile, he announced last week a 10-year plan to have 100 km of the main city streets and create 5,000 underground parking spaces annually. In parallel, the city police have launched a fresh crackdown on illegal parking, to start next month. Mr Pierre Verhulst, the Paris police chief, has even warned that dangerous parkers will lose their licences. Parisian drivers have been warned.

Small businesses blossom in W Germany

By David Goodhart in Bonn

The latest statistical snapshot of West German business discloses an unexpectedly dynamic small business and service sector which represents a rapidly rising proportion of total company formation and jobs. The Federal Statistics Office, reviewing the period 1970 to 1988, says that 66 per cent of all current work places have been opened in that period and the total number of companies has increased by 10 per cent to 2.1m.

The European Commission has largely sided with Britain in protesting against West Germany's ban this week on British beef offal because of the outbreak of mad cow disease in the UK. David Buchan reports from Brussels. Mr Raymond McSharry, the EC Agriculture Commissioner, was yesterday still waiting for the German authorities to reply to his telegram to them on Monday. Brussels regarded the German action as "not fully justified" and urged the German authorities to start immediate discussions with their British counterparts, either directly or through the EC's standing committee of veterinary experts.

Officials continue to maintain that negotiations between Mr Helmut Haussmann, the Economics Minister, and Mr Antonio Cardoso e Cunha, the EC's Energy Commissioner, will continue, and that joining the legal action is only an insurance policy. West German electricity utilities are committed to using about 41m tonnes of domestically produced coal every year until 1995. To compensate the utilities for the extra cost of buying German coal the Government adds a levy to consumers electricity bills, which this year stands at 8.5 per cent. The EC wants to reduce both the levy and the German coal usage guarantee before 1995. Bonn's offer of a reduction in the levy from 8.5 per cent to 7.5 per cent by 1993 is considered inadequate in Brussels.

from the German coal industry but the Government said it would prefer to negotiate with the Commission than take legal action. Officials continue to maintain that negotiations between Mr Helmut Haussmann, the Economics Minister, and Mr Antonio Cardoso e Cunha, the EC's Energy Commissioner, will continue, and that joining the legal action is only an insurance policy. West German electricity utilities are committed to using about 41m tonnes of domestically produced coal every year until 1995. To compensate the utilities for the extra cost of buying German coal the Government adds a levy to consumers electricity bills, which this year stands at 8.5 per cent. The EC wants to reduce both the levy and the German coal usage guarantee before 1995. Bonn's offer of a reduction in the levy from 8.5 per cent to 7.5 per cent by 1993 is considered inadequate in Brussels.

Matra plans to launch joint combat missile

By George Graham in Paris

MATRA, the French defence and electronics group, is planning to launch a new joint European air-to-air missile, in association with the next generation of Nato fighter aircraft. BGT, to equip the next generation of European fighter aircraft. Matra, which announced on Thursday that it was buying 20 per cent of BGT from the West German group Diehl, said it planned to equip the next generation of European fighter aircraft. Matra, which announced on Thursday that it was buying 20 per cent of BGT from the West German group Diehl, said it planned to equip the next generation of European fighter aircraft.

ect spearheaded by British Aerospace. The Asram project was initially intended to equip the next generation of Nato fighter aircraft, in conjunction with the medium-range Amram interception missile project, led by Hughes of the US. West Germany, however, has withdrawn from the Asram group. France, meanwhile, has chosen to combine the combat and interception roles in a single missile, the Mica, for its own new fighter aircraft, the Rafale. Mr Noel Forgeard, managing director of Matra's defence and

space activities, said that his company believed this combination of the two roles was the right concept, but he recognised that not all air forces would agree. The new proposal, therefore, is for a version at least 20 per cent lighter than the Mica, but using many of the same elements, notably its radar and aerodynamic, and adding the infra-red self-guidance systems in which BGT specialises. Mr Forgeard said that he hoped to put forward detailed proposals, in conjunction with BGT and GEC Marconi of the

UK. In December, at around the same time that British Aerospace hopes to have formulated its Asram project. "We have a very precise project to propose a European alternative to equip European aircraft," he said. Mr Forgeard said the new association with BGT complements, rather than conflicts, with its links with Deutsche Aerospace, with which it plans to swap share stakes in the next few months. Matra is understood to have paid around FF250m for the BGT stake.

Pre-poll smog over Athens is just the ticket for Greens

By George Graham in Paris

A THICK brown pollution cloud, the worst on record, hovered over Athens yesterday at the close of the Greek election campaign, perhaps boosting the chances of one of the three Green parties winning a parliamentary seat in Sunday's poll. Just a few thousand votes in a dozen key constituencies are likely to decide whether the conservative New Democracy party can scrape an absolute majority in the 30-seat house. A next round vote for the ecologists by people dissatisfied with the three main parties would affect the second-round distribution of seats in Greece's complex proportional voting system, even if none of the Green candidates gets elected. Factories cut down output by 50 per cent, schools were closed and private cars banned from the city centre when pollution levels soared to twice the acceptable limit after several days of balmy weather.



Vehicle exhaust fumes are blamed for the headaches, nausea and frayed tempers that Athenians complain of when the "nefos", the Greek word for cloud, is at its worst. Mr Mitsotakis warned voters that if the election results in a another hung parliament, basic policy differences would make it impossible for a second right-left coalition to be formed, raising the unpopular prospect of a third election in less than a year. The Socialist former Prime Minister, Mr Andreas Papandreu, who lost power in the June election, has offered to co-operate with the Communist-dominated Left Alliance on a joint programme for a coalition government. Although the two left-wing parties would seem natural coalition partners, the Alliance leaders have so far ruled out co-operation with the Socialists so long as Mr Papandreu remains in control of the party.

Rome springs surprise over state chiefs

By Sari Gilbert in Rome

AFTER months of political wrangling among Italy's five governing parties, the Italian Government has appointed two surprise candidates as the presidents of Italy's leading state holding companies. A cabinet meeting yesterday designated Mr Franco Nohlli, 63, chairman of the giant private construction group, Cogefar-Impretit, to succeed Mr Romano Prodi as president of the largest Italian state holding company. Mr Gabriele Cagliari, 63, a board member of Eni, the state energy agency, was named to replace Mr Franco Reviglio as chairman of that group. The appointments were the result of a last-minute political compromise among various factions of the Christian Democratic party and between the Christian Democrats, Italy's largest political party, and the Socialists, the Christian Democrats' principal governing partner. Mr Nohlli is a Christian Democrat and Mr Cagliari is a Socialist. The two posts have enormous importance in Italy, because of the economic size of the two holding companies whose joint turnover represents 10 per cent of Italy's gross domestic product. Both Mr Prodi and Mr Reviglio managed to resist political interference in business decisions more than any of their predecessors. The wrangling and consequent deadlock in recent months over the choice of their successors has been seen as evidence that this time the politicians hope to have more influence. Until only two days ago it was widely believed that Mr Prodi would be replaced by Mr Franco Vizzoli, the Christian Democratic chairman of Enel, the state electricity authority, and that Eni would be headed by Mr Lorenzo Necci, a Republican, who is president of Enimont, the party-private, partly-state chemicals joint venture. Mr Vizzoli was opposed by the powerful "Dorotei" faction of the Christian Democrats, while the Socialist Party leader Bettino Craxi wanted to keep Eni in Socialist hands.

Oslo cuts budget spending plan

By Karen Fossil in Oslo

NORWAY'S new centre-right tripartite coalition yesterday announced changes to the 1990 state budget proposal, put forward last month by the outgoing minority Labour government, which cut by Nkr6.5bn, the budget deficit. The new budget proposal reduces a 7 per cent increase in expenditure called for by Labour, to 6 per cent, by relying on a proposal to cut most ministries, though spending on the environment, foreign aid and defence will remain largely unaffected. The central plank of the new government's economic policy calls for expenditure to be less than the growth of national income, in a bid to keep interest rates at a low level and to

help strengthen the krona. A Nkr3.25bn package of personal income tax cuts is also being proposed, a cut of Nkr1bn more than Labour's previous package. Mr Arne Skauge, the new Conservative finance minister, said that the wage freeze implemented by the previous government over the past two years would be dropped, adding that the new budget proposal offered sufficient tax incentives to keep wage growth at about 3 and 4 per cent. "In its economic policy for 1990, the Government has sought to establish favourable conditions for reasonable income settlements," he said. The main elements in the coalition's economic strategy

include: a programme to improve the supply side of Norway's oil-dependent economy comprising measures to promote the internationalisation of Norwegian businesses through adaptation to 1992 and lowering trade barriers in Gatt negotiations; Stabilisation of economic policy to achieve stable conditions for the business sector; fiscal and monetary policies will be directed towards achieving a stable foreign exchange rate. In addition, the new government plans to put forward in December a proposal for the establishment of a petroleum revenue fund and will hold open the possibility of applying for association to the European Monetary System (EMS).

Kosovo army alert stepped up

By Judy Dempsey in Prishtina, Kosovo

SURVEILLANCE by the police and military was yesterday stepped up in Yugoslavia's southern province of Kosovo following the death of two ethnic Albanians in Prishtina, the provincial capital. The incident occurred at Susceni Breg, a modern housing complex near the university on Thursday night, when four ethnic Albanians apparently fired from a cellar at the security authorities. One policeman was wounded in the attack. Although the authorities described the ethnic Albanians as a group of Albanian armed extremists, it is widely believed in Prishtina that the catalyst for the renewed outbreak of violence was the decision by the Federal authorities to press ahead with the trial of Mr Azim Vllasi, the former party leader of Kosovo. The trial of Mr Vllasi and 14 others opened in the town of Titova Mitrovica in Kosovo last Monday. Mr Vllasi's lawyers managed to have the trial adjourned on the grounds that he would not get a fair hearing except in the neutral territory. But apparently, despite requests from the republics of Slovenia, Croatia, Bosnia-Herzegovina and Macedonia that Mr Vllasi be pardoned, the Federal State Presidency decided on Wednesday that the trial would resume. No date has yet been set. Mr Vllasi was charged last August with "counter-revolution" for having allegedly supported the wave of strikes and demonstrations which swept through the province last March. Then, thousands of ethnic Albanians had taken to the

streets in protest against the amendments to the Constitution of the Republic of Serbia passed last December. Those changes in effect gave the republic direct control over the running of the internal affairs of Kosovo and the northern province of Vojvodina. Both provinces had been granted wide autonomy in 1974 by the late President Josif Broz Tito in an effort to contain the influence of Serbia, the largest republic, in the Federation. However, since 1987, Mr Slobodan Milosevic, the former party leader, who is now the President of Serbia, had by allegedly whipping up nationalist Serb sentiments, repeatedly argued that the ethnic Albanian majority were intimidating the small Serbian minority into quitting the province altogether.

Published by the Financial Times (Europe) Ltd, Frankfurt am Main, represented by E. Hugo Frankfurt/Main, and as a member of the Board of Directors, F. Barlow, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurt am Main, Frankfurt am Main, Frankfurt am Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. © The Financial Times Ltd, 1989. FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates \$35.00 per annum in advance. Second-class postage paid at New York, NY, and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022. Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

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OVERSEAS NEWS

# China strikes oil in area 'with potential of Alaska'

By Steven Sufer

CHINA says that it has made what a "major breakthrough" with the discovery of oil in the middle of the Tarim basin, in the far western desert province of Xinjiang.

Western oil companies have long believed that the Tarim basin is one of the last unexplored regions in the world to have the potential of becoming a big new production area on the scale of Alaska or the North Sea.

The People's Daily newspaper said that a well first produced oil on Tuesday, yielding 576 cubic metres, or 3,232 barrels a day, plus 360,000 cubic metres of gas. However, Western oil companies have been aware of a well in the area, which is almost certainly the same as that reported by the Chinese, drilled to a depth of 16,000 feet, which was tested about two weeks ago at a somewhat lower rate.

This is said to be the first time that the Chinese have

succeeded in drilling a well in the centre of the basin, where natural conditions are forbidding. Surface temperatures in the summer can reach 158 degrees Fahrenheit and plunge to 90 degrees below zero in the winter. The desert is covered by 50-foot sand dunes which shift about in frequent wind storms.

Western oil companies have been anxious to explore for oil in the area. However, the Chinese have kept them out of the Tarim basin and have employed foreigners only on a consultancy basis or as contractors. Many in the oil industry believe that the Chinese do not have the technology, or even the capital, to develop a large oil field in such forbidding conditions by themselves in the foreseeable future.

The reason for oil experts familiar with the area was also cautious. "It's encouraging," says one, "but it is not yet time to buy stock in China Inc."

The rates of reported oil pro-

duction are not in themselves indicative of the potential size of oil reserves in the area, which would have proved up by extensive seismic surveys and more drilling. Aside from the natural conditions, which would sharply increase costs of development, the Tarim Basin is thousands of miles from the nearest sizeable markets.

Either a pipeline or a new railway link would have to be constructed at a cost of many billions of dollars, and this tremendous cost would make it impractical to develop oil in the region, should it be warranted on a piecemeal basis. One oil executive said that China would need at least 500,000 b/d of production to justify full-scale development. China says it plans to invest 1.5bn yuan (\$250m) in the basin this year and next. China is likely to fall short of its oil production target this year, and is expected to become a net importer.

# 3,000 more E Germans enter Prague embassy

By Leslie Collett in Berlin

THE FLIGHT of East Germans into the West German embassy in Prague rose dramatically yesterday despite a promise of unrestricted travel to the West and other reforms by the new East German leader, Mr Egon Krenz.

More than 3,000 East Germans joined the 1,300 already on the overflowing grounds of the embassy.

Czechoslovak officials said high-level consideration was being given to the West German request to house the asylum-seekers elsewhere in Prague.

Bonn also conferred with East Berlin to get the East German embassy in Prague to speed up the issuing of documents releasing them from East German citizenship.

The East German embassy was processing 60 a day who were then taken by bus to West Germany.

East German radio started broadcasting news of the fresh exodus to Prague, which began last Wednesday when the border was re-opened for travel to Czechoslovakia.

Meanwhile, three young men were sentenced to prison terms ranging from 26 months to four years for smashing windows and doors during a protest.

West Germany's Minister of Inner-German Relations, Ms Dorothee Wiersma, said 167,000 East Germans had come to West Germany in the first 10 months of this year, of whom 100,000 had legally emigrated while the remainder escaped.

In another development, East Germany's tiny Liberal Democratic Party (LDPD), which is allied with the Communist Party but has spearheaded demands for reforms, called for the resignation of the Government.

The statement, published in the LDPD newspaper, said several politicians long associated with the former East German leader, Mr Erich Honecker, was imminent.

Mr Willi Stoph, the 75-year-old Prime Minister, is widely expected to lose his government post and his seat in the ruling Politburo. He has key responsibility for the economy which is now admitted to be in serious difficulties.

A Central Committee meeting in East Berlin is likely to see the departure of several other elderly Party stalwarts.

Yesterday, Mr Bernd Seidel, the mayor of Leipzig, resigned because, according to the official news agency, he had lost the confidence of the city's people.

# Ethiopia renews links with Israel

By Michael Holman

ETHIOPIA announced yesterday that it had re-established diplomatic ties with Israel, severed in 1973.

The announcement, which came on the eve of peace talks between the government and Tigraay rebels scheduled to open in Rome today, reflects the growing importance of the Israeli link to an administration under increasing pressure. There has been speculation that Ethiopia may be prepared to buy arms from Israel, and accept Israeli advice on counter-insurgency tactics.

Although President Mengistu Haile Mariam withstood a coup attempt last May, guerrilla movements in Eritrea and Tigraay have continued to make significant gains. In addition to the Tigraay talks, negotiations to end the 28-year conflict in Eritrea are in train.

Ethiopian Peoples Liberation Front officials and the Ethiopian government are due to meet in Nairobi this month, to resume talks which began in Atlanta, Georgia, under the chairmanship of former US president Mr Jimmy Carter.

The Soviet Union, the main backer of the Addis Ababa regime, has expressed impatience with Mr Mengistu's slow rate of economic reform, and has urged him to seek a negoti-

ated settlement of the guerrilla conflicts. Although arms supplies continue, Moscow is understood to have imposed tougher terms.

Ethiopia cut its diplomatic ties in response to Israel's war with the Arab world in 1973. An Ethiopian foreign ministry statement said that reasons for the break now no longer existed: "Not only has Israel evacuated the Egyptian territory following the Camp David agreements between the parties concerned, but diplomatic relations have also been established for the first time between Egypt and Israel."

The statement continued:

"Egypt, which was ostracised and isolated in the Arab world as a result of its coopting the Camp David agreements with Israel, is now back in the Arab fold and has resumed its membership in the Arab League and other organisations from which it was suspended."

Israel's concern about the Falasha community in Ethiopia - the so-called black Jews of Africa - is likely to have played a part in the resumption of diplomatic relations. Israel secretly evacuated some 12,000 Falashas in 1985, and yesterday's announcement may pave the way for more emigration.

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Mr van Wyck based his comments on research done by the economics division of the group's banking subsidiary, TrustBank.

The bank sought to quantify what it called the "indirect multiplier effect" of sanctions on the economy as a whole rather than merely on specifically targeted industries.

About 500,000 fewer people were employed than would have been the case without sanctions, Mr van Wyck argued, adding that blacks are hardest hit because 80 per cent of new job seekers were black.

# Botha climbs down over Swapo 'invasion'

By Patti Waldmeir in Johannesburg

MR PIK Botha, the South African Foreign Minister, yesterday attempted to limit damage to his political reputation following clear evidence that he was mistaken in accusing the South West Africa People's Organisation of invading northern Namibia.

Earlier this week, Mr Botha used what he claimed were intercepted messages from the United Nations Transition Assistance Group (Untag) in Namibia to publicise an alleged guerrilla incursion from Angola.

The UN has said the messages were fraudulent and Pretoria yesterday admitted it believed they could be fakes.

But Mr Botha, who appears to have made a serious political blunder in publicising the messages before verifying their

authenticity, said it would not trouble him if the radio messages were false.

"Whether it was a crackpot or Untag (which sent the messages) is to me not the important issue," he said, adding that he was simply trying to avert conflict prior to Namibia's pre-independence elections which begin next Tuesday.

Yet even Pretoria's own representative in Namibia, Mr Louis Pienaar, the Administrator General, yesterday dismissed Mr Botha's charges, saying the allegations of an invasion were "more a psychosis than an actual threat."

The territory was quiet and there was no reason why elections should not proceed on schedule, he said.

Mr Nelson Mandela, the

imprisoned leader of the African National Congress, has invited a prominent official of the rival Pan Africanist Congress to visit him in jail, in an apparent attempt to forge a united front between the two groups.

The PAC leader, Mr Japhtha Masemola, spent years in prison along with Mr Mandela. Mr Masemola was released from jail last month after serving 25 years of a life sentence.

Sanctions against South Africa have damaged the country's economy as severely over the past five years as a halving of the gold price would have done, according to a study prepared by one of South Africa's largest banking groups.

"The impact on the total economy is similar to what South Africa would have expe-

rienced had the gold price averaged \$300 an ounce instead of \$400 over the past five years," according to Mr Chris van Wyck, chief executive of Bankorp.

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# Pressure mounts on Gandhi

By David Housego and KK Sharma in New Delhi

PRIME Minister Rajiv Gandhi's election campaign seemed to be running into trouble last night as the publication of the party manifesto was postponed for the second time.

Congress party officials blamed the delay on technical factors. But Mr Gandhi seemed reluctant to face a press conference at a time when he has come under further attack over the Bofors scandal and was likely to face hostile questioning on other issues.

Other signs of the party's discomfiture have been the difficulty it has had in selecting candidates and the decision by Mr K.C. Pant, the former Defence Minister, not to stand. Instead of the usual mass rally in Delhi as a launching pad for his campaign, Mr Gandhi chose to begin it in Fatehabad in Uttar Pradesh, a town which lies next to Ayodhya, the site of the shrine bitterly disputed between Hindus and Muslims. The choice reflects the way communal tensions seem likely to dominate the campaign.

In his first of nearly a dozen speeches to so many constituencies, Mr Gandhi accused opposition parties of fanning communal feelings for their own interests and said this would weaken the country.

Mr V.P. Singh, the Janata Dal leader, who is Mr Gandhi's main opponent, is also to launch his party's campaign over the weekend on the same issue. He is to visit Patna, capital of Bihar, and then proceed to Bhabhapur town where serious riots in the past few days, connected with the Ayodhya prayer processions, have claimed more than 200 lives.

The situation in Bhabhapur has also heightened communal tensions in Bihar, where the state government yesterday banned all religious processions.

# Israelis fail to draft their response on Cairo talks

ISRAELI coalition leaders failed yesterday to draft a response to US proposals for Israeli-Palestinian talks in Cairo. Reuter reports from Jerusalem.

Prime Minister Yitzhak Shamir and his three most senior ministers said only that their "positive effort" for a common position would continue.

"A formula will be submitted to the cabinet," they added.

The Cairo talks were proposed to break a deadlock on Israel's call for Palestinian elections in the occupied Gaza Strip and the West Bank. Mr Yitzhak Rabin, Defence Minister, said they did not know when they would meet again.

Israel must decide quickly if it is to issue a response to the US before Mr Shamir leaves for Washington on November 13. Members of Mr Shamir's right-wing Likud faction described the new US proposal as a victory, giving Israel veto over the make-up of the Palestinian delegation in Cairo. Hosni Mubarak said the Palestine Liberation Organisation would have to approve preparations for the Cairo talks.

PLO policy-makers gathered in Cairo yesterday to hold their first meeting there for 12 years, to discuss the amended US plan. Its chairman, Mr Yasir Arafat, said Egypt would hand him the revised US peace formula today.

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# W German trader 'to buy seventh of Iran's oil export'

By William Dawkins in Paris

MARIMPEX, the recently-revived leading West German oil trader, was yesterday on the point of concluding a \$2.5bn (\$1.5bn) deal to buy one-seventh of Iran's entire crude oil exports over the next 15 months.

The contract was awaiting the completion of a \$900m pre-financing line in favour of the National Iranian Oil Company (NIOC) from a consortium of 11 European banks led by Credit Lyonnais and Banque Nationale de Paris. France's two largest nationalised banks.

It is an important breakthrough for Iran, which has had difficulty in placing its crude oil exports on world markets.

The purchasing contract was signed in August, but depends on the pre-financing credit to get under way.

Marimpex, controlled by a subsidiary of the Paris-based Compagnie Financiere Suresat de Dairies (S&D), the world's largest sugar and cocoa trader, will buy 300,000 barrels a day at market-linked prices from NIOC, making it Iran's top private sector export buyer.

The French company bases its \$2.5bn estimate on Tehran's estimate of an oil price of \$15 a barrel. S&D predicts its turnover will rise to FF950bn this year, from FF732.8bn - including FF2.4bn from Marimpex and other oil trading activities - in 1988.

Mr Jean-Jacques Alphandery, managing director of Suresat, Kerry International, the French group's subsidiary which has a majority stake in Marimpex, believes pre-financing will be among the largest ever put together for an Iranian commodity sale.

Marimpex will use the oil to supply its 300 retail stations in West Germany, as well as for sale to third parties. The West German group nearly collapsed two years ago, when it made a nearly DM300m loss on a miscalculated forward oil purchase.

Sudden Kerry, which had begun to diversify into oil trading early in 1983, helped bail out Marimpex last December by taking a 17.5 per cent stake, since increased to 66.66 per cent.

Reuter reports from Nicolasia: The Soviet Union has agreed in principle to let Iran pump natural gas through its territory for sale to Europe, according to Tehran Radio. The two sides will meet before the end of the year to work out the volume to be moved.

# US employment figures hit bond markets

By Anthony Harris in Washington and Janet Bush in New York

US BOND PRICES fell swiftly after the announcement yesterday that non-farm employment rose by 236,000 in October, nearly 100,000 more than market forecasts.

Prices stabilised at lower levels, but the market remained convinced that the Federal Reserve will be reluctant to ease policy in the near future, as had been hoped earlier. The main rise in employment was in government services, especially in schools, and the detailed figures confirmed that job growth in the private sector is running at about 110,000

a month, less than half the rate in the first half of the year.

There was also a fall of 0.3 hours in the average work week, confirming the more sluggish growth of activity. However, there was a sharp rise in pay rates in the service sector, with increases of 0.8 per cent in transport and utilities, 1 per cent in wholesale trade, 1.1 per cent in other services and 1.8 per cent in the financial and real estate sector.

These figures suggest that the labour market remains tight, despite slower economic growth, because of the sharp

demographic fall in the growth of the labour force, and argue for continued Federal Reserve restraint.

The figures for manufacturing employment confirmed other recent indications - from the survey of purchasing managers, and from the reports of Federal Reserve member banks - that the economy has now stabilised at a lower growth rate.

Manufacturing employment was unchanged, after several months of decline. The unemployment rate was unchanged at 5.3 per cent.

The US bond market reacted negatively to the employment release, taking the benchmark long bond 1/2 point lower at midnight for a yield of 7.93 per cent.

The dollar rose after the employment release. At mid-session, it was quoted at Y143.25 compared with an earlier low of Y142.40, and at DML8465 from DML8381 earlier.

On the stock market, the Dow Jones Industrial Average was quoted 8.81 points higher at 2,640.37.

# Iranian trader 'to buy seventh of Iran's oil export'

By William Dawkins in Paris

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# Bulgaria protest for glasnost

More than 4,000 Bulgarians, many shouting "democracy" and "glasnost", demonstrated outside government headquarters yesterday, Reuter reports from Sofia.

The crowd joined a short march organised by the unofficial ecology group Eco-glasnost to hand in a petition on environmental problems to government officials.

Uniformed police ringed the square in central Sofia but did not intervene as the Eco-glasnost members delivered the petition, the first of its kind in 45 years.

# Democrats in new budget battle

By Peter Hiddell

THE Democratic Congressional leadership, fresh from defeating the Bush Administration over an immediate cut in capital gains tax, was yesterday engaged in a new battle over reducing the Budget deficit.

The retreat by President George Bush and the Senate Republican leadership over capital gains means that early passage is now likely of the legislation raising the Federal debt ceiling, to which will be linked measures modifying "catastrophic" health insurance for the elderly and changing the tax provisions on employee health benefits. Early approval is also likely of assistance for Poland and Hungary.

Senator Lloyd Bentsen, the Democratic chairman of the Senate Finance Committee, said yesterday that broad agreement had been reached with the Republicans on how

# Congress settles Bill on defence

By Lionel Barber in Washington

CONGRESSIONAL negotiators have reached agreement on a Defence Bill for next year which slashes spending on the Strategic Defence Initiative (SDI) and postpones difficult decisions on the structure of US forces.

President George Bush is expected to sign the Bill, which has its main provisions authorised for both the MX and Midgetman land-based mobile missile systems, as well as two B-2 Stealth bombers. Mr Bush said funding on these weapons was necessary for flexibility in armaments.

However, the Bill for fiscal year 1990, which began in October this year, is a setback for Mr Richard Cheney, US Defence Secretary. He sought to scrap conventional weapons programmes such as the F-14 Tomcat and the V-22 tilt-rotor Osprey helicopter, but ran into opposition from lawmakers pressured by a lobbying effort from Grumman, Boeing and other big US manufacturers.

The Bill provides for \$233m in research and development for the Osprey but no procurement funds. The negotiators also agreed to buy 16 F-14s, though Grumman, the manufacturer, will be required to "sign up for termination" of production on Long Island, said Senator Sam Nunn, chairman of the Senate armed services committee.

SDI suffered the first real setback in spending since President Ronald Reagan launched it in 1983 and made it the centrepiece of his defence strategy. The Bill provides for \$3.8bn in funding in fiscal 1990, compared to this year's spending of \$4.1bn - a cut which Mr Nunn said was due to the Administration's inability to define the system it wants.

Mr Bush, who will soon receive an important scientific review of SDI feasibility, will have to decide whether it is now time to discuss future guidelines on the testing and development of anti-ballistic missile systems with the Soviet Union. Mr Reagan refused to do so, but waning Congressional support for the programme increases the pressure on the Administration to do a deal.

Congressional negotiators have agreed to fund two - instead of the requested three - Stealth bombers, even though doubts remain about its performance, cost and cost, which works out at about \$830m per plane.

# Iran radicals refuse to douse anti-American flame

Victor Mallet analyses Tehran's foreign relations 10 years after the storming of the US embassy

SINCE the Islamic revolution in 1979, US Iranian relations have had more than their fair share of diplomatic fiascos, military disasters and petulant outbursts from either side. Today, exactly 10 years after Iranian militants stormed the US embassy in Tehran and took 52 people hostage for 444 days, there is no obvious sign of improvement.

In these confused times in Iran - a country which continues to have its diplomatic ups and downs with Western Europe and has had the economic knot with Moscow - anti-Americanism is one of the few safe refuges of the revolutionary public speaker.

To celebrate the seizure of the embassy, now a school for Revolutionary Guards, the militants have planned a series of confessions this morning by members of an alleged US spy ring, followed by a march and demonstration this afternoon.

Underlining the widely held Persian and Arab belief that the US or Britain are responsible for all significant events in the Gulf, they say they will burn 160 US flags to commemorate the 16 Kowattli Shias beheaded in Saudi Arabia for planting bombs in Mecca.

The Iranian Parliament, meanwhile, in a tit-for-tat measure typical of the relationship between Tehran and Washington, this week passed a law allowing its agents to arrest US

# Iran radicals refuse to douse anti-American flame

citizens throughout the world.

One dramatic US capture, immediately suggested by Iranian newspaper, was the captain of the US warship which was mistakenly shot down from an Iranian Airbus over the Gulf last year with the loss of 29 lives. The new Iranian law is in retaliation for the US seizure of the USS Liberty, the US Navy's intelligence ship, in the Red Sea in 1985. The Department's decision to authorise the arrest abroad of suspects wanted by US courts.

Ayatollah Ali Khamenei, Iran's spiritual leader, may be a poetry-lover who is often overshadowed by his wily President, Mr Ali Akbar Hashemi Rafsanjani, but he knows a political opportunity when he sees one. "In Iran," he told a group of cheering students on Wednesday, "anyone who has faith in Islam and the Islamic foundations of the revolution believes in perpetual struggle with the standard bearers of the arrogant powers headed by the United States."

Not all Iranians agree with such a perpetual struggle, certainly not the hundreds of thousands who live on the west coast of the US and visit Iran with increasing regularity following the end of the Gulf war, nor the pro-American bourgeoisie who inhabit the wealthy suburbs of north Tehran, nor even the poor in the south of the city who often could not care less about foreign relations.

At a recent news conference for the foreign press he tried to play down the idea of 10th anniversary celebrations at the US embassy. "It is common

# Iran radicals refuse to douse anti-American flame

Decade ago: Iranian demonstrators taking part in one of the many ritual burnings of the American flag that followed the seizure of the US embassy in Tehran and 50 hostages on November 4 1979

tired ideal espoused by a vocal minority, seems to have gone as far as he dares to dampen the worst excesses of the militants.

Each year there are celebrations on this date because we consider it to have been an important incident," he said, when asked if people would demonstrate. "If they want, they can do it."

They are doing it. Like President Bush, Mr Rafsanjani is constrained by domestic political pressures and is unable to make a serious move towards the restoration of ties without real or apparent concessions from the other side.

It is for this reason that Mr Rafsanjani has coupled his offer of help for US hostages held by pro-Iranian groups in Lebanon with a demand for the

# Iran radicals refuse to douse anti-American flame

release of Iranian assets frozen by the US.

Mr Bush, no doubt remembering the embarrassing gift of missile parts and kosher cake brought from Israel to Iran by Mr Robert McFarlane and Col Oliver North during the Iran-Contra affair, insists that hostages should be held until they are sold, and that Iran must use its influence with hostage takers to obtain the release of the captives.

There, for the moment, the matter stands. To the Iranian leadership, the US is still the Great Satan, arrogant, imperialist, and allied to Saudi Arabia and Iraq. To the US Administration, Iran is a fanatical, destabilising influence in the Middle East, in league with international terrorism.

In neither Iran nor the US is the desire for bilateral trade intense enough to overcome mutual political suspicions, and last month President Bush went through the yearly ritual of renewing sanctions against Iran.

If there is any hope it lies in the example of the Soviet Union, not long ago excoriated along with the US by the late Ayatollah Khomeini, but today a valued partner in oil exploration and industrial development. That must be seen as a good omen, unless of course, as some Western diplomats believe, Iran made friends with Moscow just to spite Washington.

# Aoun blocks deputies' meeting

By Lara Marlowe in Beirut

GEN Michel AOUN, the Lebanese Christian leader, yesterday blocked the Lebanese parliament from meeting on Beirut's Green Line battlefront, but fell short of dissolving the parliament to prevent the holding of a presidential election.

The head of the three-man military government in east Beirut has repeatedly threatened to cancel the legislature's mandate since a majority of deputies endorsed a peace plan sponsored by the Arab League in Saudi Arabia in October.

Gen Aoun's aides had predicted he would issue a decree of dissolution yesterday afternoon.

But an insufficient number of assembly members had returned to Beirut to achieve a quorum. Gen Aoun apparently felt it unnecessary to make the move.

But he said he would dissolve the legislature as soon as it became apparent a parliamentary session was about to be held. The election is now expected to take place early next week.

Bombs exploded outside two homes and an office of three Christian Lebanese parliamentary deputies who voted for the Arab League peace plan last month, just minutes after Gen Aoun ended his press conference. A woman was injured in one of the attacks.

Mr Fouad Turk, the Lebanese ambassador to Paris, has told deputies taking refuge there that Gen Aoun intends "to take legal action" against them for endorsing the peace plan decided in Taif, Saudi Arabia.

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UK NEWS

# Review likely for 'accounting firms' law of liability

By David Waller

THE GOVERNMENT is likely to review the law that makes accountancy firms wholly liable for damages for which they may be only partly responsible. In doing so, the Government is adopting one of the proposals in the report on professional liability which the Department of Trade and Industry commissioned in 1987-88 and published this week.

The report addresses the question of unlimited liability in the construction and surveyors' professions as well as accountancy, but it also goes much further in suggesting ways to limit auditors' liability. The UK professional accounting bodies have criticised the Government's cautious stance.

Mr Brian Singleton-Green, secretary to the parliamentary and law committee of the Institute of Chartered Accountants in England and Wales, said yesterday that the Government had delivered too little, too late. He said accountants had made their own suggestions about unlimited liability as long ago as 1986, and it was disappointing to see the Government taking such a "negative" stance on the report's findings.

The report, conducted under the general supervision of Professor Andrew Lakerman of the London Business School, recommends that auditors should be allowed to negotiate a cap to any liability with their clients. It says that would put accountants on an equal footing with other professions.

The Government has rejected the recommendation, saying that it deliberately passed over the opportunity to change this area of the law in the report stage of this year's Companies Bill.

Mr John Redwood, Corporate Affairs Minister, said on October 26: "Auditors should be held liable... auditors owe a duty and there has to be a fair trial in the courts if there is any professional negligence... The report recommends that the 'joint and several liability law' should be referred to the Law Commission for review. Under that law, firms with professional indemnity insurance can be held liable for the entire loss even if the court decides they are only 10 per cent responsible for the circumstances leading to it. Although it seems likely that the Government will accept

The Institute of Chartered Accountants in England and Wales (ICAEW), the UK's largest professional accountancy body, has come down heavily against the Government's proposals for introducing summarised financial statements for the benefit of small investors.

In a memorandum to the Department of Trade and Industry yesterday, the ICAEW criticises both the idea behind the scheme for abbreviated accounts and the mechanism by which shareholders are to be circulated with the distilled version of the figures unless they specifically ask for the full annual report.

The ICAEW said: "Any attempt to prescribe the contents of summary financial reports will necessarily involve arbitrary decisions as to what are thought to be the salient features of the accounts in general... summary statements cannot form a satisfactory basis for investment decisions."

It also argued that members should take positive action to receive the summarised figures.

The Government has yet to refine the details of the scheme.

this proposal, Mr Singleton-Green expressed disappointment that the DTI had not advanced its thinking on the matter since 1986, when representatives of the profession petitioned Mr Paul Channon, then Secretary of State for Trade and Industry.

The report shows the extent to which unlimited liability has exposed auditors to large negligence claims. It finds that claims against auditors have increased both in number and size, with a dramatic knock-on effect on the cost of professional indemnity insurance and the level of cover that a firm can arrange for itself. Premiums for small practices trebled from 1985 to mid 1988. The problem for the so-called Big Eight firms was not the cost - although that rose - but the amount of cover available. The maximum amount coverable fell dramatically over 1985-88, and since 1987 the maximum cover has been half its 1984 peak - while firms' fees have more than doubled.

# Anglia Television invests £2m in local news service

By Raymond Snoddy

ANGLIA Television, the ITV company covering the east of England, plans to broadcast a dual news service from the middle of next year. The development will involve an investment of £2m.

The dual news service - Anglia West, covering Peterborough, Northampton, Cambridge, Milton Keynes and Luton; Anglia East, covering Norwich, Ipswich and Chelmsford - will increase the company's regional output by about 30 per cent.

Anglia is the latest ITV company to place more emphasis on providing local television news.

In February, Central Independent Television, the Mid-

lands ITV company, opened a £5m regional news centre in Abingdon containing robot-controlled cameras, to serve the south of its region. Central provides a triple news service for its region, with separate news coming from Birmingham, Nottingham and Abingdon.

Mr David McCall, chief executive of Anglia, said yesterday that in the atmosphere of competition now facing ITV, "Channel 3's [ITV] distinctive regional service will be more important than ever."

Running costs of providing a dual news service, including separate editions of the regional news magazine about Anglia, will be £1m a year.

# BR's Channel link is back on the tracks

Kevin Brown and Andrew Taylor report on the latest twist in the high-speed line saga

IT LOOKS as though British Rail might have pulled it off after all, just when everybody thought that its high-speed plans were falling apart.

BR's plan for a high-speed rail link between London and the Channel tunnel by 1998 looked likely to be derailed earlier this week because of a leap in construction costs from £1.7bn to more than £3bn.

Now the line seems almost certain to go ahead along BR's plan and on target for completion in 1998 - after a last-minute deal announced yesterday between BR and Eurorail, a private-sector consortium led by Trafalgar House and BICC.

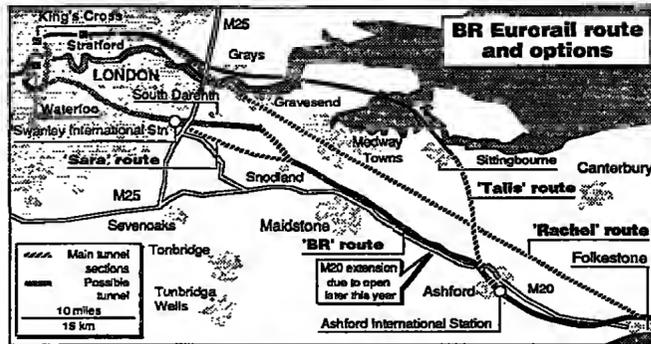
Campaigners for alternative routes such as Talle's (Thames Alternative Underground System), Rachel (Rainham to Channel tunnel), and Sara (Sevenoaks Alternative Underground Route) will continue to press their case, but there seems little chance that the project will be taken away from BR.

BR will take a 50 per cent stake in a new joint venture company, with an independent chairman and management. Trafalgar House and BICC will each have 25 per cent.

The joint venture company will then award a contract to design and build the line to Euroconstruction, a consortium made up of BR, Balfour Beatty and Cementation - which are subsidiaries of BICC and Trafalgar House respectively.

BR has also agreed to hand over to the joint venture company responsibility for all international passenger services from the moment the Channel tunnel opens in 1993. International freight services will also be included in the deal later.

That means responsibility for planning international services will have to be handed over to the joint venture company almost immediately, and



that the private sector is committed to putting up half of the estimated £100m development costs over the next three years.

BR has also tried to ensure that it retains control of the high-speed line project by signing a legal agreement not to discuss any alternative schemes, and announcing that it is to press ahead with an international terminal at King's Cross, and international stations at Ashford and, probably, at Swanley.

The costs facing the joint venture are immense. The line from the Channel tunnel to Swanley, on the south-east side of London, will be built along the route announced by BR in March, and will cost around £2bn. The joint venture company will also finance about £1.1bn of rolling stock and improvements to existing track designed to cover the period between the opening of the Channel tunnel and the opening of the high-speed line.

Neither of those elements of the scheme presents any financial difficulty. However, the joint venture will drop BR's

£1.5bn plan for a 10-mile tunnel from King's Cross to a point east of the M25 motorway. It was the cost of this part of the route that scuppered BR's original plan to table a private parliamentary bill this month seeking approval for the line.

The new proposal is for trains to run largely above ground in London, although some tunnelling will still be necessary, probably from Peckham Rye to King's Cross. Apart from that, the trains will run either on existing track, or on new tracks laid on land already in BR ownership.

The joint venture company will attempt to mitigate the environmental and political consequences of surface running by restricting the trains to 60mph - the speed limit for local suburban trains - but some opposition is certain. The plan was quickly condemned yesterday by south London residents who had thought the line would pass harmlessly underground.

In addition to the reduced cost of the project, the joint

venture company will also have a much stronger revenue flow than that forecast for the original BR scheme.

The right to operate international trains from 1993 will provide an important source of cash flow to help finance construction work and underpin the necessary bank loans.

The joint venture also hopes to benefit from a revised revenue-sharing arrangement with SNCF French railways and SNCB Belgian railways; commuter services from Ashford and probably Swanley; property development profits along the route; and a much larger proportion of profitable express parcels business than originally envisaged.

Those arrangements will transform the finances of the project. Mr John Fletcher, chairman of Eurorail, said the real rate of return was likely to be in excess of 12 per cent, compared with the 8 per cent BR was unable to achieve from its original scheme.

Several questions remain to be answered, however. Can the joint venture fulfil its under-

taking to come forward with a private bill next November? If so, will the bill pass through Parliament in time for construction to begin in 1993 and trains to start running in 1998?

The answer to all those questions is probably yes. The Government, which will be the key to the parliamentary process, was making clear both publicly and privately yesterday that the joint venture had its full support.

That is not surprising, since the joint venture announcement provides the Government with most of what it wanted - a scheme with significant private-sector participation which will not require a subsidy from the taxpayer and will open as early as possible.

Once the bill has received royal assent, the decision to abandon the tunnel under London will cut the construction time by a year, compensating for the year's delay caused by the decision not to table a bill this year.

For the corporate players in the high-speed line drama, yesterday's announcement is an opportunity to turn from wrangling over the route to the details of service, prices and profits.

Trafalgar House and BICC will participate in a lucrative construction contract as well as taking a large stake in a discrete and potentially profitable railway that could eventually be floated on the Stock Exchange.

Eurotunnel, the Anglo-French group that will operate the Channel tunnel, will benefit from stronger demand for rail services through the tunnel than would exist if the high-speed line project had collapsed.

Moreover, BR has retained a significant share of control in a project that should provide very large profits in years to come.

# Bought-out companies 'do worse'

By Charles Batchelor

COMPANIES THAT have undergone a management buy-out perform better than the non-buy-out companies in the same sector for the first three years but thereafter perform worse than average, according to a study by Warwick Business School.

Buy-outs create the initial motivation to improve a company's performance, but after three years a change of ownership structure is often needed to maintain or improve company performance, the study shows.

That gloomy assessment comes as a number of large buy-outs in the retail sector have run into difficulties and many investors are starting to take a more cautious attitude to take a further deal.

The decline in company performance over the longer term is explained partly by the fact that opportunities to cut costs and improve margins have usually been exhausted after the first three years, the study says.

Management also moves from a focus on cost-cutting to financial control to the greater risks of entering new markets or increasing market share.

*The Performance of Management Buy-Outs in the Longer Term. Touche Ross Corporation. Finance, Hill House, 1 Little New Street, London EC4A 3TR. £50.*

# Hurd reiterates united stand on EC role

By Michael Cassell, Political Correspondent

GOVERNMENT efforts to promote a united and positive approach to Britain's role in Europe were maintained yesterday by Mr Douglas Hurd, the Foreign Secretary, who said Mr Nigel Lawson's departure had led to a stronger and clearer European strategy.

Mr Hurd, who was speaking in his constituency, claimed that the political storm surrounding the former Chancellor's resignation had "blown itself out". His loss had been a setback, but a stronger European stance had emerged as a result.

Mr Hurd repeated claims by several senior ministers that Britain had been helping to set the agenda for the debate on the future of Europe - a claim the Government would take no lectures from "come-latelys" in the Labour Party.

The Foreign Secretary denied that the Government was imposing fresh conditions on Britain's entry into the exchange-rate mechanism of the European Monetary System. It was linking the implementation of its commitment to join to the related undertakings given by other member

nations. He emphasised that ERM entry would not be a precondition for an open, liberal Europe.

Mr Hurd said "batting for Britain" meant playing a vigorous and constructive part in all the Community's institutions. He said the aim was to bring about an open Europe, comprising nations steadily growing together, not because they were forced to do so but because it was in their mutual interests.

The Foreign Secretary endorsed the Government's "evolutionary" approach to European monetary union.

Europeans, to sustain the argument for an open, liberal Europe.

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# Further job losses as Coats Viyella closes two plants

By Alice Rawsthorn

COATS VIYELLA, the biggest textile group in the UK, is closing two plants in northern England as part of the consolidation of its textile interests. The plants employ more than 330 people.

The closures will increase the number of job losses at Coats since the start of the year. The group has been forced to resort to capacity cuts and job shedding because of the intensely competitive state of the textile industry.

The latest moves involve Falcon Mill, a spinning mill at Bolton in Lancashire, and the Hunsworth dyeing and finishing plant at Cleckheaton, in Yorkshire. Part of the produc-

tion at the Falcon Mill plant will transfer to Coats' India Mill plant in nearby Darwen, which will then need an extra 100 staff. Coats hopes that some of the 230 people who lose their jobs at Falcon Mill will move to India Mill.

Coats, like the rest of the UK textile industry, is suffering from a sharp rise in imports and the effect of higher interest rates on consumer demand. It recently reported a fall in pre-tax profits from £76m to £55m on sales of £291m for the first half of the year.

Mr Snowman, a Luton-based business adviser who has 76 people making children's clothing, has gone into receivership.

# Alba buys Hinari stock and brand name in the UK

By James Buxton, Scottish Correspondent

THE STOCK of consumer electronic products belonging to Hinari, the Scottish-based company that went into administration a month ago with debts of £32m, has been sold to Alba, the quoted, London-based consumer electronics group.

The price Alba is paying for the Hinari stock in the UK, which includes televisions, video and audio equipment, is not disclosed. It has acquired the Hinari brand name in the UK. The deal is subject to the approval of creditors.

Mr Frank Bin, the administrator from Cork Gully, the insolvency practitioner, said last night that the deal should

protect both the Hinari product range and the customer base.

He was optimistic about concluding the sale of Hinari's European operations in Spain and West Germany as going concerns.

Hinari was a fast-growing company based in Cumbernauld, near Glasgow, which imported products from the Far East and this year began manufacturing.

Its founder, Mr Brian Palmer, who was forced to resign as chairman and chief executive a few weeks before the company went into administration, blamed its failure on the slowdown in retail spending.

# Jaguar warms to reality of life under Ford

Executives of the UK company are optimistic, finds Kevin Done

There was a tinge of sadness, and a sense of the end of an era. But as the Jaguar management team began to unwind in Coventry yesterday after long months of negotiations, Sir John Egan, the chairman and chief executive, insisted: "There is no weeping here. Ford has a positive management team in place at Jaguar that wants to make this work."

Sir John was in a relaxed and expansive mood and determined to focus on the gains for shareholders, management, workers and customers that can flow from Ford's agreed bid which values the company at £1.6bn.

Jaguar top management has already resolved to seize the initiative with its new owner - as long as the agreed \$80p per share bid goes through as planned during the next month - in an effort to ensure that "the Jaguar name adds something to Ford, and that the Ford name does not detract from Jaguar."

As Sir John tells it now, the Jaguar board had accepted more than a year ago that the days of the company's independence were numbered. Exchange rate developments had seen to that, gouging away Jaguar's bumper profits of the mid-1980s and undermining any conventional defence based on the company's financial performance.

"A year to 15 months ago we

were no longer a small rich company, but a small break-even company; that was when we realised we needed to sort something out. That the final deal was signed with Ford and not with General Motors was not as big a surprise to Jaguar, perhaps, as to the outside world. "It was not precipitate," said Sir John. "We had been carrying on a correspondence course with Ford."

The outline of the Ford proposal was first arrived at 9am at Jaguar's modest Burlington Street office in Mayfair on Wednesday yet not so different from the ideas discussed with Ford for several months in the second half of last year. The sticking point then was Ford's insistence on majority control.

Ever since Ford had begun to put its game plan into action in September, with the public declaration that it intended to buy 15 per cent of Jaguar, the board had also known that Ford was closing in for the kill.

Two weeks ago, Ford gave written notification to the board that it was planning to make a full conditional bid this week. It had always been clear to the board that it would put any offer received to shareholders, said Sir John. Jaguar had kept GM

informed of the likelihood of the Ford bid. It had kept Government informed and had told Ford that, in good faith, it could not negotiate with it prior to receiving a formal offer, as it was already in talks with General Motors.

The move none of the participants had expected was the step by Mr Nicholas Ridley, the Trade and Industry Secretary, on Tuesday to announce that he would waive use of the golden share.

For Jaguar, the most important practical impact was that it bumped its share price up by another 122p.

Jaguar did bargain the price up during Wednesday to the final offer level of \$80p, but the Ridley move meant that most of its energy could be devoted to hammering out the details of an acceptable deal.

The section of the offer document entitled "agreed plans for Jaguar's future" was put together during Jaguar's 15½-hour board meeting, with intermittent negotiations with Ford.



Sir John: "We were no longer a small rich company"

# Channel 4 says 'no allegations against Parkinson'

By Richard Waters and Richard Donkin

THE SHARE transactions that prompted Mr Cecil Parkinson, the Transport Secretary, to deny any involvement in insider dealing on Wednesday relate to holdings in companies that are believed to have figured in a Department of Trade inquiry.

Ironically, some of the deals related to the period shortly before he became Secretary of State for Trade.

The two share stakes that emerged yesterday, both in small, were in the name of Parkinson's nominee account and were purchased by his brokers, W. I. Carr.

Mr Parkinson said through his lawyers on Wednesday that his investments were handled by his stockbrokers on a discretionary "fundation what-ever" to rumour that he had been engaged in insider dealing.

Channel 4, which is due to broadcast the television programme that gave rise to the rumours, said yesterday it was concerned about the speculation surrounding the programme. It said: "No reference in the programme to Mr Parkinson will allege that he is guilty of illegal activities."

The share stakes which prompted the rumours are in companies involved in a Department of Trade and Industry investigation launched in July 1988. The investigation covers trading over a six-year period, focusing on sections of the Companies Act relating to concert party arrangements.

It has embraced a number of companies, among them Avdel (formerly Newman Industries) and Tilbury Group. Mr Parkinson at one time owned shares in both of these companies through his nominee account with Ferlin Nominees, a subsidiary of W. I. Carr, his stockbroker. The shares were held in the name of "Ferlin Nominees Limited A/C P36."

Some of the companies involved in the DTI inquiry became concerned at stakes being built up during the early and mid 1980s.

On October 30 1986, the share register of Newman Industries (since renamed Avdel) records a purchase of 50,000 shares in the name of Mr Parkinson's nominee account. These were sold in two instalments in April and May 1987.

Mr Geoffrey Paulton, the company secretary, said yesterday that Mr Parkinson's holding was not large enough in its own right to be of concern, but that it was one of a number of purchases in the name of Ferlin Nominees which together put the company on alert. The company register shows that 14 clients of W. I. Carr held Newman shares in this form.

Mr Parkinson's Ferlin account was also used to buy a small stake in Tilbury Group, Ms Pam Cnles, the group's assistant company secretary, said yesterday. She said the holding was bought in 1985 but sold shortly afterwards. Mr Parkinson was Trade and Industry Secretary at this time. Another company which became concerned was Metal Closures, which discovered and made checks on a build up of shares in the name of Ferlin Nominees in 1985. Nine involved Mr Parkinson's holdings, Ferlin Nominees P36.

W. I. Carr issued a statement through its lawyers yesterday refusing to comment on its involvement.

# PCW statement from Lloyd's

By Patrick Cockburn

LYOYD'S of London, the insurance market, said yesterday that Mr Peter Cameron-Webb and Mr Peter Dixon, former managers of PCW Underwriting Agencies, which lost some £40m in the late 1970s, would not be able to take advantage of the 1987 settlement of the PCW affair.

Earlier in the week, Lloyd's moved to tidy up the financial consequences of PCW by arranging reinsurance to close the 1987 terms - the means by which Lloyd's syndicates close their accounts - for the remaining 18 members of PCW syndicates through Lincover, the insurance company set up by Lloyd's to take over PCW's liabilities.

The 18 members or Names, except those originally excluded from the 1987 settlement, were encouraged to settle under the 1987 terms - they were told that the alternative was to pay a much higher figure through Lincover. Mr Cameron-Webb and Mr Dixon have both lived in the US since 1981. The Serious Fraud Squad has obtained warrants for their arrest.

GRANVILLE SPONSORED SECURITIES									
High	Low	Company	Price	Change	Gross div (p)	% P/E			
343	295	Av. Brit. Ind. Ordinary	338	-2	10.3	30	9.1		
29	28	Armstrong and Protech	29	-	-	-	-		
118	149	Barton Group Plc	149	-	4.2	2	15.8		
125	103	Barton Group Plc (SEI)	103	-	0.7	6.5	-		
123	77	Brax Technologies	77	-	5.9	7.7	6.8		
110	105	Brenhill Corp. Pref.	105	-	11.0	10.5	-		
104	120	Brenhill Plc (New C.R.P.)	104	-	11.0	10.6	-		
205	285	CCl Group Ordinary	294	+2	14.7	5.0	3.6		
176	168	CCl Group 11% Conv. Pref.	173	-1	14.7	8.5	-		
225	140	Carvo Plc (SEI)	210	+7	2.6	12.4	-		
110	109	Carvo 7.5% Pref. (SEI)	110	-	10.3	9.4	-		
7	1.5	Magneti Gp Non-Voting A Conv.	1.5	-	-	-	-		
5	0.75	Magneti Gp Non-Voting B Conv.	0.75	-	-	-	-		
110	110	Vir Group	110	-	8.0	6.7	6.9		
145	56	Jackson Group (SEI)	56	-	3.6	3.5	11.9		
322	261	Malvern NV (AmSSE)	295	-	-	-	-		
158	89	Maper Jenkins	158	-	10.0	6.5	5.0		
487	365	Strattons	375	-12	18.7	5.0	10.0		
380	270	Taylor & Colville	299	+1	9.3	3.1	10.4		
117	100	Taylor & Colville Conv. Pref.	109	-	10.7	9.8	-		
122	80	Trean Holdings (USM)	80	-	2.7	3.4	8.6		
150	140	Ulveston Group Pref.	150	-	9.8	9.2	-		
375	355	Venerary Drug Co. Ltd.	365	-	22.0	6.0	9.4		
370	323	W.S. Yates	323	-	16.2	5.0	26.9		

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9-11

UK NEWS

# Retailers protest over VAT charge on 'free gifts'

By Philip Rawstorne

BRITISH retailers and manufacturers are challenging a series of unexpected claims from Customs & Excise for value added tax on premiums - "free gifts" used in sales promotion campaigns.

Boots the retail and industrial chemist, is taking an appeal against a VAT claim of £10,580 to the European Court of Justice in Luxembourg this month.

The VAT demand was made after an own-brand promotion in which tokens on one product entitled consumers to money off another. Tax was calculated on the full retail price of the second item.

The outcome of the Boots appeal is being awaited by several other companies that have been unsuccessfully contesting similar claims.

The biggest so far has been made against McDonald's, the fast-food chain, which has been presented with a demand for VAT of £75,787 on more than half a million hamburgers it gave away in exchange for tokens collected from The Sun newspaper. Customs & Excise ruled that because the hamburgers were given in return "for a consideration", VAT was due on their full price.

Other companies affected include Dairy Crest, which is faced with a claim for £54,414 after a sales promotion campaign in which customers got a 52 coin in exchange for proof of

purchase of certain cheeses. The full cost of the coins, including packaging, was ruled liable to 15 per cent non-recoverable VAT.

Sony (UK) has also received VAT demands after promotions in which free compact discs were offered to buyers of hi-fi systems.

The intervention has caused confusion and alarm in the sales promotion industry, which fears it may lead to drastic changes in promotional techniques and reduced expenditure.

The Institute of Sales Promotion, which includes promotion agencies and clients, has set up a working party on the issue.

Mr Roy Piercy, the ISP chairman, said: "We are receiving considerable financial support from industry. Many companies are anxious to get the matter resolved in our favour."

"We see the VAT claims as a threat to freedom of competition. They could put an end to a major sales promotion technique and threaten the business of many consultancies."

Mr Richard Millett, ISP consultant and former sales promotion manager at Becham, said: "The worst problem at the moment is the uncertainty. The regulations governing the liability of promotions to VAT are very complex and their interpretation rests with local officials."

# Visa alters rules to launch debit card

By David Barchard

VISA INTERNATIONAL, the largest payment card system, has altered its rules, apparently in an attempt to compete with Switch, the electronic-only debit card branding launched by Midland Bank, National Westminster and Royal Bank of Scotland last year.

Visa banks in the UK are to be allowed to issue Visa Electron cards alongside the Visa Classic card branding, but only on debit cards. Visa issuers will put a special symbol - the letter E for Electron - on the back of some of their cards, and retailers will be allowed to accept only cards carrying that sign.

The move will enable Barclays and other Visa issuers to compete with Switch for business with the large food chains, some of which refuse to take Visa cards because until now, under the "honour all cards" rule of the organisation, they had to take all Visa credit cards as well as debit cards if they joined the Visa system.

Switch is preferred by retailers because it deducts funds directly from a customer's bank account and the retailer pays only a small, flat fee, compared with a commission of about 2 per cent per transaction on a credit card.

Switch was derided by its rivals when it was launched, and its commercial viability is still questioned in some quarters. However, many retail banking organisations have announced plans to join it in the last few months.

Mr Ken Bignall, chief executive of Barclaycard, said yesterday the move was intended to allow food and utilities retailers to use a debit card only when they felt there was a need to do so.

Retailers' representatives were less enthusiastic. Mr Boh Woodman, director of the Retail Consortium, which handles the retailers' side of negotiations over payment systems with banks, said the plan conflicted with a claim he is making to the Monopolies and Mergers Commission investigation into credit cards that the "honour all cards" rule could not be changed.

# Rewards and risks of TV sponsorship

Raymond Snoddy blinks but doesn't miss commercial attributions on programmes

ON SCREEN it is a difficult revolution to spot. Blink and you may miss it. Television sponsorship in the UK has broken free from its all-embracing restrictions just enough to make a few fleeting appearances and to raise questions about its role in the future of deregulated British commercial television.

The changes so far could not be more modest and are virtually confined to two programmes: the ITV national weather forecast and a programme on caring for pets that goes out on Friday mornings and lasts about eight minutes.

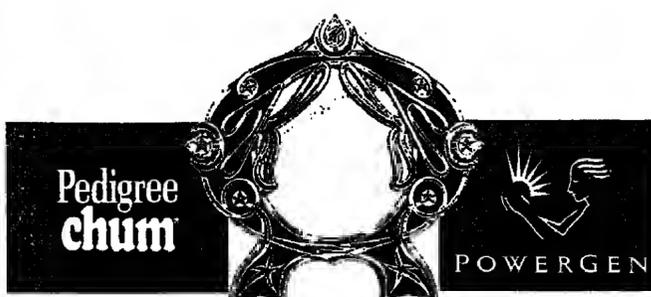
The most noticeable evidence for the advance of sponsorship is that at the end of the ITV weather, viewers see a card for seven seconds saying the programme was produced in association with PowerGen - one of the two generating companies that will replace the Central Electricity Generating Board under privatisation.

The 15 ITV companies will have nearly £2m this year to divide between themselves as a result of the PowerGen deal.

Pedigree Pet Foods is believed to be paying less than £100,000 for its sponsorship of Pets and People - an independent production for Granada Television.

Preliminary research on the Pets and People sponsorship suggests not only a lack of aversion to the idea of sponsorship, but also that some viewers think the programme more authentic than other TV.

The modest expansion has



come because the Independent Broadcasting Authority extended the categories that could attract sponsorship money to include instructional programmes, arts magazine programmes and the weather. In the past, the main opportunity has been limited to programmes dealing in "factual portrayals of doings, happenings, or places."

The extreme sensitivity of the issue was emphasised again yesterday when the IBA blocked the showing on ITV of a 13-part series of animated programmes for children, a series made by independent producers Ragdoll Productions and funded by the Kellogg Company of Great Britain.

The IBA ruled that there was an undue element of advertising in the introduction to the animated fairy tales called "The Magic Mirror" which it passed the IBA as an external

event - a competition for animators - the authority objected to the number of times the Kellogg "K" appeared on the programme's mirror illustration.

Property Leads, the number of programme financing in preparation for competition from cable, satellite and new land-based television channels.

"Although sponsorship revenue is very small at the moment, I cannot see why for some theological reason we should prevent it," Mr Morrison says. A framework governing the relationship between broadcaster and sponsor can be created in the same way as that developed between broadcaster and advertiser when commercial television was launched over 30 years ago.

Above all, Mr Morrison argues, there has to be a deep most between programme and

to the future," says Mr Steve Morrison, Granada's director of programmes, who is on the liberal pragmatic side of the sponsorship argument within ITV.

He believes that ITV companies have to consider all forms of programme financing in preparation for competition from cable, satellite and new land-based television channels.

"Although sponsorship revenue is very small at the moment, I cannot see why for some theological reason we should prevent it," Mr Morrison says. A framework governing the relationship between broadcaster and sponsor can be created in the same way as that developed between broadcaster and advertiser when commercial television was launched over 30 years ago.

Above all, Mr Morrison argues, there has to be a deep most between programme and

sponsor so that broadcasters retain total editorial control. Such a pragmatic approach to sponsorship is echoed by Mr Melvyn Bragg, head of arts programmes at London Weekend Television and presenter of the South Bank Show. He sees sponsorship of the arts as patronage dressed up in 20th-century jargon.

Mr Bragg recently suggested that he would like to raise about £1m in sponsorship for the South Bank Show.

The most outspoken warnings of the danger of television sponsorship have come from Mr Michael Grade, chief executive of Channel 4.

"The greater the dependence on sponsorship as an element in making up programme budgets, the greater the pressure to concentrate on those 'whole-some' ideas which are most likely to succeed," Mr Grade suggested in a recent speech.

"I fear that an over-eager rush to embrace sponsorship, in the hope of maximising budgets and reducing costs, will fatally hurt that certainty," he said.

Channel 4 will continue to consider sponsorship deals but impose tight restrictions.

Even if sponsorship does begin to catch on, not all advertisers are enthusiastic about it.

Mr Guy Walker, who runs the Unilever division responsible for brands such as Flora and Krona margarine, says: "I feel quite strongly that sponsorship is very much second best to having a properly supplied advertising market."

# Welsh heritage success

By Anthony Moreton, Welsh Correspondent

IMPROVEMENTS at heritage sites in Wales over the past five years and the staging of more imaginative exhibitions have led to a big increase in visitors.

The number of visitors to leading attractions such as Caernarfon Castle, the Welsh Folk Museum and Caernarfon Castle has risen by a quarter since 1984.

Income has risen from just under £1m to £2.3m. Mr Wyn Roberts, Minister of State for Wales, said yesterday

the expansion had taken place in spite of some fears that the heritage industry might be overcommercialised to the detriment of the monuments.

He was speaking on the fifth anniversary of the setting up of Cadw, which looks after Welsh historic monuments owned by the state.

Mr Roberts attributed the upturn in the number of visitors to more creative marketing and promotion, improved facilities at sites and better signposting.

# Leeds pre-tax profits up 13%

By David Barchard

PROFITS AND mortgage lending rose sharply at Leeds Permanent, the fifth-largest building society in the financial year ending September 30, in spite of the depressed housing market.

The figures - the first year-end results to be issued by a top 10 building society - suggest that 1989 may turn out to have been a stronger year than had been expected for the industry.

Leeds Permanent made pre-tax profits of £138m, 13 per cent up on 1988, while its mortgage lending rose from £2.5m

to £3.35bn. The society more than doubled its share of the building society mortgage market, taking 9.96 per cent of total building society lending compared to 4.7 per cent a year ago.

At the same time, the total assets of Leeds Permanent grew to £12.9bn, an increase of 26 per cent.

Commissions from the sale of insurance policies by the society, which tied with Norwich Union last spring, were £38m, while Leeds Permanent paid £3m to brokers for introducing it to mortgage clients.

Profit growth would have been even higher but for serious losses by Leeds Permanent on two fronts.

Property Leads, the society's estate agency chain, made a loss of £5.8m, and the society's Visa credit card lost £7.5m.

Mr Mike Blackburn, chief executive, said that the Leeds Permanent society had more than 220,000 of its credit cards in circulation with customers, but he considered that it would probably be another year before the card began to make a profit.

# Legal language 'cryptic'

A LEGAL document threatening a company director with prison if he did not attend court used "cryptic" language that 50 per cent of people would not understand, a High Court judge said yesterday.

Mr Mark Lait was asked if he understood the implications of the words: "If you disobey this order, you will be liable to process of execution to compel you to obey it."

Mr Justice McCullough intervened: "It is a particularly cryptic phrase. Here we are in the 1980s using phrases like 'liable to process of execution.' "At least half the population

who pick up a document like that would not appreciate that going to prison is the possibility."

Mr Lait, who faced an application to jail him for contempt for not attending court for questioning about the financial affairs of his companies, said he was aware of the importance of the document served on him, but out of the precise consequences.

He said he had been too worried about his wife's nervous illness to attend.

Mr Justice McCullough ruled that he was guilty of contempt but made no order against him.

# Bae lays off 28 as unions plan escalation of dispute

By Fiona Thompson, Labour Staff

THE first lay-offs as a consequence of the engineering unions' strikes were announced yesterday by British Aerospace.

The company's commercial aircraft division said that 28 fitters at its Filton plant near Bristol had been indefinitely laid off from the end of their shifts yesterday. The lay-offs were a direct consequence of the engineering unions' strikes in support of their national campaign for a 35-hour week, the company said.

The Filton fitters complete wings for the A320 Airbus which are supplied by the company's Chester plant. But with the 2,000 manual workers at Chester on strike since last Monday, work at Filton had dried up.

Bae warned that more lay-offs may be necessary. "They will be the first but obviously we're having to watch the situation," the company said yesterday.

Dr Maurice Dixon, manag-

ing director of the commercial aircraft division, wrote to all 24,000 Bae employees on October 31 stressing that the company could not afford to build up stocks of work in progress that were not going to be utilised.

"This might mean, he said, that "the work of individuals no longer required will be stopped and employees will be laid off."

Two other plants have been on strike since Monday: Bae's Preston site and the Rolls-Royce plant in Hillingdon, Glasgow. Rolls-Royce has said progressive lay-offs of workers at its other sites would have to be considered if the flow of parts dried up or was interrupted.

The Confederation of Shipbuilding and Engineering Unions, which is organising the campaign, plans to consult about 7,000 workers at nine further factories on staging indefinite strikes in a bid to escalate the dispute.

In addition, management at NEI-Parsons in Newcastle and at Smiths Industries in Cheltenham have been told strikes will begin at these sites unless an agreement on a shorter working week is agreed by November 17. Manual workers at these plants have already voted to stage indefinite strikes.

NEI-Parsons said yesterday that talks on the issue had been taking place all week and that it had offered the 1,700 manual workers a 37½ hour week subject to productivity agreements.

Smiths said it had tabled an offer last week for a 37½ hour week. It proposed an immediate ½ hour cut in return for agreeing to limit tea breaks to one in the morning and one in the afternoon, and to agreeing "bell-to-bell working", that is not stopping work until the end of a shift was signalled. Two further ½ hour cuts would be proposed for further productivity gains.

# Postal staff agree to collections on Sundays

By Fiona Thompson

THE Post Office is to resume Sunday letter collections in five districts from November 19, following agreement by the executive of the Union of Communication Workers.

The phased reintroduction of collections throughout the country should be complete by the end of next year, the Post Office said yesterday.

The UCUW representing 150,000 postal workers, had earlier opposed the resumption of Sunday collections, which were last in operation in 1976.

The union's executive said yesterday, however, that it would recommend acceptance of the collections now the Post Office had committed itself to improvements in the Monday to Saturday service.

The package of measures includes a review of collection services involving greater use of vans for first collections; an examination of ways to improve deliveries in areas with staff shortages; and looking at ways of improving the Saturday delivery service.

UCUW members are to be consulted on acceptable Sunday collections and the result should be known by November 17.

The union last month said it would be halting members on taking industrial action following an announcement by the Post Office that it intended to resume Sunday collections regardless of union opposition.

This ballot has now been suspended.

Staff working on Sunday collections will do so on a voluntary basis and will be paid double time.

The Post Office said it already has 500 postal workers willing to work on Sundays. With national Sunday collections operating, the service is expected to cost £20m a year.

The five districts where the collections will start are Edinburgh, Darlington, Newcastle, Cardiff and Northern Ireland. Last collection times will be about 1pm in urban areas and slightly later in rural areas.

Mr Alan Johnson, UCUW assistant secretary, said yesterday the agreement was a victory for the union because "instead of simply having a Sunday public relations stunt, the quality of service for the public will be improved on a Monday to Saturday basis."

# GM conditions for new plant 'almost met'

By John Gapper, Labour Editor

GAR industry unions said yesterday they were close to meeting the conditions set by General Motors for siting a £127m engine plant at Ellesmere Port, Cheshire, following the end of a dispute over union membership.

The dispute - over arrangements to replace a 27-year-old sphere of influence agreement - was resolved by the Amalgamated Engineering Union, the TGWU general union and the NSF general technical union early yesterday.

TGWU officials were confident the commitments being sought by General Motors on new working practices and bargaining arrangements for the Ellesmere Port plant would be met by the Monday deadline.

Mr Tony Woodley, TGWU national officer, said the idea of team working within the existing car plant had already been agreed in principle by stewards. "There were some issues to be resolved, but they were unlikely to prove a big obstacle."

Vauxhall said it would decide shortly on the location of the new plant, which will make engines for its luxury cars. There were other factors to be considered apart from union agreement to new working practices.

The issue in dispute during 10 hours of talks at TUC headquarters in London was whether workers at Ellesmere

Port would be allowed to transfer freely among unions. The talks were chaired by Mr John Monks, TUC deputy general secretary.

The spheres of influence agreement, which the company wants abolished, provides for some jobs and areas of the existing plant to be the domain of particular unions. The company wanted these demarcations removed.

Under the TUC agreement, employees will retain the union membership wherever they work at the site, including the proposed new engine plant. There will be no transfer of members once a worker has chosen his or her union.

The statement issued after

the meeting also included an unequivocal commitment to a new site agreement "which will not impede in any way occupational, functional and geographical flexibility across the whole site."

Mr Monks believed the agreement met all the company's concerns, and would enable Vauxhall to press ahead with its claim to General Motors for the investment for a new engine plant.

The Ellesmere Port plant was closed yesterday by a walkout of 2,000 TGWU members in a separate dispute over pay. On Monday, more than 3,000 manual workers are due to strike at Vauxhall's plant in Luton, Bedfordshire.

The statement issued after

# One more move towards consensus

John Gapper on the TUC, Ellesmere Port and the legacy of Dundee

A week ago, Mr John Monks was congratulated for sounding the call for a new working agreement - which has been estimated at about 1,200 over a number of years - would fall most heavily on its members. It wanted the freedom to have members in the new plant.

That freedom to retain TGWU union cards within the new engine plant and elsewhere was preserved in the final agreement reached at the TUC. However, the agreement also limited the flexibility to transfer among unions once a worker had chosen which one to join.

The General Motors dispute partly mirrored that over the Dundee components plant in the rivalry between the AEU and TGWU. But there are differences in what the two companies asked for.

Existing agreements: The Dundee dispute was intractable because the TGWU argued that the AEU's single union deal there would undermine national pay and conditions agreements covering other Ford plants. But Ford did not attach specific proposals for other plants to the Dundee deal.

In the case of General Motors, the company has to use the promise of a new engine plant as a lever to reform working practices at the existing Ellesmere Port plant. It has insisted that the arrangements for the new plant will have to extend to the whole site.

This also contrasts with Gen-



John Monks: seems to be back in a traditional union role

eral Motors' joint venture with Isuzu to rescue the Bedford van plant in 1987. Although GM has introduced new working practices within the van plant, it did not extend the demand to its Luton car plant. Working practices there remain similar to Ellesmere Port.

Single-table bargaining: General Motors has not asked for a single union deal preferred by Ford for its components plant. Instead, it has said it will be happy with single-table bargaining under which all unions negotiate together over conditions covering the whole site.

The TUC has been trying to encourage single-table bargaining at existing plants as an alternative to single union deals at greenfield sites. The Vauxhall proposal indicates support among some managers for Mr Monks' arguments at the Institute of Personnel Management conference.

But the General Motors case is important for the future of single-table bargaining. If the company is put off by the relatively minor squabble over union membership and doubts the ability of the unions involved to negotiate together in future, it could stifle the plant in West Germany instead.

The special review body of the TUC which backed single table bargaining argued that it was a means of "increasing solidarity and common action between unions." If a chance to demonstrate its virtues was lost due to a temporary lapse in such solidarity, it would be a heavy blow.

# Further ambulance disruption likely

By Fiona Thompson, Labour Staff

THE LIKELIHOOD of London suffering severe disruption to its ambulance service for the second time in a fortnight increased last night, when London Ambulance Service management requested a "watering-down" of a work-to-rule deal agreed last week according to Nupe, the union representing the bulk of the capital's ambulance workers.

If restrictions on moving non-urgent patients were not lifted, some or all pay of ambulance staff would be docked, Mr Tom Crosby, London's acting chief ambulance officer said.

When London ambulance staff two weeks ago stepped up the national campaign of industrial action over a rejected 8.5 per cent pay offer, staff were suspended without pay and the police and voluntary groups were called in by management to handle all 999 emergency calls.

Under a peace plan worked

out at the end of the 36-hour cover by police, the staff guaranteed accident and emergency services and lifted some work-to-rule restrictions but kept in place a ban on dealing with non-urgent work with the exception of renal dialysis, cancer, terminally ill and certain maternity patients.

Nationally, all qualified ambulance workers are due to institute a ban on all non-urgent work from midnight on Monday.

**FINANCIAL TIMES**

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9JL  
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Saturday November 4 1989

**Government as usual**

THE BRITISH Government appears to have recovered its poise after one of the most bruising weeks in politics since Mrs Margaret Thatcher first came to power in May 1978. A week ago the markets were anxiously awaiting a potential Black Monday following a nervous Friday morning, which itself had been brought about by Mr Nigel Lawson's resignation as Chancellor of the Exchequer the previous evening. The political world was abuzz with talk of a precarious political future for the Prime Minister herself.

With characteristic fighting spirit, Mrs Thatcher set out to rectify matters. Within hours of Mr Lawson's departure she moved three ministers to the top three Cabinet posts - Foreign Office, Home Office and Health. The group up started to persuade the country that as far as the Government was concerned it was "business as usual."

She may have succeeded, if only temporarily. Mr Douglas Hurd arrived at the 10 Downing Street residence on Monday. Mr David Waddington may move the stance of the Home Office uncomfortably to the right, but there is no reason to doubt his competence or his stature. Mr John Major, whose ability was never in question, has been elevated to the stratosphere on two parliamentary occasions that, as Chancellor, he is not quite the poodle of Mrs Thatcher that some have feared he would be. The markets have not collapsed. It has been necessary to drop sterling, but that has also been true when Mr Lawson was still Chancellor. The FT-SE index has simply moved sideways.

**Privatisation**

Meanwhile, the day-to-day business of government continues. The privatisation of water will proceed, with 100 per cent of the companies being sold, and not the smaller proportions some had foreseen. There are still difficulties in the nuclear portion of the electricity industry, but no indication that that privatisation will be cancelled. The Queen's Speech, outlining legislation for the next session of parliament, is being drafted by Cabinet committee chaired by the Deputy Prime Minister, Sir Geoffrey Howe. It is expected to include proposals for the reform of the National Health Service, a long-promised "Green" bill, and perhaps most controversially, a bill to introduce student loans.

So far, so good. The long-term political effects of the dramas of the past week are, however, unlikely to be avoided by a brisk return to everyday matters. The fundamental cause of Mr Lawson's

resignation was a sharp difference of opinion with the Prime Minister. He believed that Britain should place sterling within the exchange rate mechanism of the European Monetary System as soon as practicable; she that a long delay was advisable. This difference was widely known; it echoed other differences on monetary policy and unsettled the markets.

**Madrid formula**

Since Mr Lawson stood down, we have had lengthy public statements from the Prime Minister herself, Mr Lawson, and Mr Major. Sir Geoffrey has called for adherence to the Madrid formula, but its ambiguity is such that the call does not help much. On this latter matter, and most particularly on whether the Cabinet is united on an agreed policy towards the ERM, we are none the wiser. One suspects that the Government is none the wiser either.

The wider issue of Britain's place within the European Community also remains unsettled. On Monday the Government rightly opposed the version of the proposed European Social Charter being put forward by Brussels; Thursday's statement in the House of Commons showed opinion on the participation of Britain in the Delors scheme to be widely divergent.

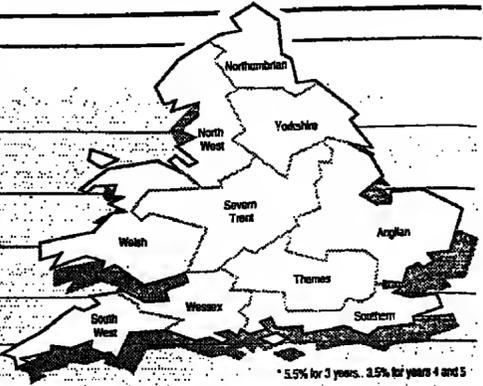
The Conservative Party is split between those like the Prime Minister who want to turn their backs on anything smacking of further political integration in the EC and those, including a majority of senior ministers, who believe that Britain can only influence events as a willing participant in the planning. This division has already damaged the Tories; it could do so again.

Meanwhile the Labour Party is doing better than at any time in the past 15 years. It is at least 10 points ahead of the Conservatives in the opinion polls. It has moved its policies towards the centre, and has convinced some former Alliance voters that they should return to the Labour fold. The new Labour "shadow" Cabinet contains some able parliamentary names.

Much now depends upon the correctness of the forecast made by Mr Lawson on Tuesday. He said 1990 would be a down year, but 1991 a year of economic recovery. If that turns out to be true the Conservatives will still be favourites to win the next election, while Mrs Thatcher may not have used up her ninth political life quite yet. It is, however, a big "if". In recent years forecasting has not been Mr Lawson's strongest suit.

**The private face of Britain's water**

	Thames	Severn Trent	North West	Anglian	Yorkshire	Welsh	Southern	Wessex	Northumbrian	South West
Turnover	£617m	£508m	£478m	£396m	£323m	£239m	£222m	£141m	£135m	£113m
Pre-tax profits forecast for year end 31.3.90	£178m	£206m	£172m	£136m	£96m	£93m	£81m	£54.5m	£50.3m	£92m
Capital spending over 10 years	£2.51bn	£3.16bn	£3.29bn	£2.83bn	£1.96bn	£1.35bn	£1.03bn	£1.01bn	£990m	£980m
Cash or (debt) after write-offs	£36m	£268m	£262m	(£148m)	£22m	£170m	£24m	£27m	£33m	£242m
Limits on price rises over the rate of inflation	1-5 years 4.5%	5-10 years 2%	1-5 years 5%	5-10 years 5.5%	1-5 years 3%	5-10 years 5.5%	1-5 years 5.5%	5-10 years 4.5%	1-5 years 7%	5-10 years 5%



**Richard Evans reports on the issues surrounding the latest privatisation**  
**Facing the water music**

The water industry in England and Wales, poised for flotation with the publication yesterday of the pathfinder prospectuses, faces what could prove an uncomfortable combination of circumstances: a successful launch of the 10 regional water companies into the private sector, but continuing public opposition to the whole principle of water privatisation.

Ministers and their advisers plainly believe that the general public, in its role as small investor, is going to swallow its distaste for the project later this month when confronted with a generous price, potential capital gains and attractive incentives.

Yesterday, Mr Chris Patten, Environment Secretary, was displaying great confidence in the outcome at a Lancaster House press conference dominated by stirring music and huge transparent tubes of bubbling H<sub>2</sub>O.

A successful sale, subject obviously to any fiddliness in the markets in the next three weeks, would be a remarkable achievement for ministers. They have changed their way through traps that have threatened the privatisation schedule at every turn.

It has been a challenging experience for water industry leaders as well. Despite waves of adverse and at times unfair publicity, the process has already forced the industry to become more efficient, more aware of its importance and its value, and more prepared for change.

The central fact about the water sale is that it is vital for the Government that it should succeed. Too much political capital has been invested, particularly by the Prime Minister, for it to be allowed to flop. A profitable investment, particularly for new shareholders, would be a disincentive to vote against the Conservatives at the next election; a failure would be politically damaging and would affect sentiment for the much larger electricity industry flotation next year.

Ever since Mrs Thatcher insisted that the water sale must go ahead regardless of hostile public opinion, political unpopularity has been built into the complex flotation calculations. There has nevertheless been deep frustration in the industry at ministers' failure to win the propaganda battle.

The Government's argument that privatisation is being deployed principally for commercial and industrial reasons rather than because of political dogma has not got across. "What does come across is that these sales make money... what does not come

through is that they are good for the economy or for society," says one marketing expert.

But, in order to make the companies saleable, the Government has had to put over £3bn to write off the industry's debts and add a cash dowry of £1.5bn. The net proceeds to the Treasury from the sale will therefore be slim, or even negative. The exact outcome depends on the price, which will be announced on November 22, and on the projected yields. Analysts are expecting a yield of at least 8 per cent, given current market uncertainties.

But opinion polls continue to show around 70 per cent of the public opposed to the sale, including many Tory voters, although initial scepticism among some City analysts appears to have evaporated. Their advice is likely to be that the deal is too good to pass up, particularly as the shares should have excellent defensive qualities.

Mr Patten's primary message yesterday was that privatisation would be good for the industry, good for the consumer, and if the companies prospered as he believed they would, good for their shareholders. "The industry is now in excellent shape to meet the challenges and opportunities of life in the private sector," he said.

Nevertheless, Labour leaders, who intend to continue to make maximum political capital out of water privatisation, remember with glee the comment of a senior Tory MP during a Commons debate on the Water Bill. "I am told there are Conservatives who support water privatisation. I just haven't met one yet," he said.

But does this political unpopularity matter provided the flotation is an acknowledged commercial success? Will it quickly be forgotten once the 10 regional water companies are in the private sector and operating independently of Treasury control?

Mr Michael Howard, Water Minister, who with Mr Nicholas Ridley, former Environment Secretary, has been responsible for the shape and detail of the legislation, is supremely confident that the big hurdle is privatisation itself, and once this is achieved, the controversies linked with it will rapidly disappear.

"I do not think water will be high on the political agenda in a year's time," he says. "In fact, I think there will be prospects of it turning into a political plus for us when people see the advantages coming through."

Principal among these would be the ability to fund the £1.8bn capital spending needed in the next decade to

bring water quality up to the standards of European Commission directives.

Labour leaders see no prospect of water disappearing from the political agenda. They say it will be a big vote-loser for the Tories at the next election as rising profits and dividends are contrasted with ever-rising charges to the consumer.

In the words of Mr Jack Cunningham, former shadow Environment Secretary and now Labour's election campaign strategist: "Bluge public hostility is going to continue to the next election and beyond. Heightened public awareness is not going to go away. People are willing to pay for quality improvements but not for big profits, dividends and directors' pay."

Hangover over the flotation is the confusion over what Labour will do if it regains power at the next election. There have been attempts, particularly by Mr Bryan Gould, the new shadow Environment Secretary, to scare off potential investors, although the Government's advisers do not believe these will have much impact if profits are likely to be made.

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Labour's present position is necessarily vague, but it seems clear it will take the industry back into some form of public ownership.

"We will have to wait to see the position we inherit and take it from there," says Mr Cunningham. "But we regard water as a national resource and we will certainly take back control and ownership into the public sector. There is no doubt on the principle, just the means."

What has undoubtedly helped to fuel the political unpopularity of water privatisation is the series of muddled, often deliberate misunderstandings inserted into the privatisation debate in the last two years.

Water, regarded as the archetypal public service, always seemed one of the less likely options for the Government to choose in its quest for privatisation.

Early in 1985, a conflict between the Government and Mr Roy Watts, chair-

man of Thames, the largest water authority, over the high increase in charges sought by the Treasury triggered demands to take the industry out of the public sector. This, it was argued, would enable it to be run on commercial lines.

The original privatisation plan, however, founded in the face of much political hostility in 1986. Its biggest defect was that it planned to float the authorities as they stood, including their regulatory functions. The current scheme, created by Mr Ridley, is by common consent a superior model, primarily because it has separated commercial activities from regulatory functions, which remain in the public sector.

None the less, great public hostility remains. This is partly because three things are happening at once: the separation of the industry's production activities from its policing or regulatory role; the bout of investment needed to rectify past government neglect; and the introduction of privatisation at the same time. Confusion between these three developments has worsened public mistrust.

The restructuring has also allowed in French corporate predators. They have been able to buy some of the statutory water companies - smaller cousins of the about-to-be-privatised water authorities, already in the private sector. The statutory companies supply water to a quarter of the country but have no sewage functions. Three French interests - with big stakes in France's privately-run water system - now own 12 of the 29 statutory companies and have a substantial stake in a further six.

There is little doubt that the three French companies intend to use their strong position as a base from which to expand when opportunities arise. The Government has retained a golden share in each of the 10 regional companies, being privatised to limit a single shareholding to no more than 15 per cent for a five-year period, and for the following five years the limit can only be raised with the support of 75 per cent of shareholders. But given the attitude of the Government this week to Jaguar's golden share, the industry is becoming increasingly nervous.

A further factor that should keep the industry near the centre of the political stage is the much greater awareness and genuine concern about the level of impurities in drinking water, the poor state of many beaches and declining standards of some rivers. This awareness has come about largely through pressure from envi-

ronmentalists and the green lobby.

In the public's mind, these defects are attributed not to the failings of state ownership of the 10 former water authorities, responsible for most of the water and all the sewage services, but to the prospect of privatisation.

The water industry, at first uncertain about the advantages of privatisation, is now convinced that - in the words of Mr John Bellak, chairman of Severn Trent - the customer's interest "is likely to be better served by private enterprise in a regulated environment than by state ownership in an unregulated environment." The message has clearly not yet got across to the general public.

After years of being a low profile, taken-for-granted provider of a basic service, the industry is nervous that it could now be on to a hiding to nothing.

Charges are set to rise by an average of 5 per cent above the rate of inflation for the next 10 years, plus an unknown additional amount for achieving higher standards, and to pay for the introduction of metering (to replace domestic rates as basis for the industry's charges). The question the industry is asking nervously is who will be blamed for ever-rising charges, the companies or the Government.

Mr Mike Carney, secretary of the Water Services Association which represents all 10 companies, is convinced that they will be able to demonstrate a greatly improved product. "But will people notice? The fear is they will only notice the price increases."

Mr Carney believes that political acceptance of the need for privatisation is important for the companies, and he finds it puzzling that public opinion has remained so solidly opposed.

"We now have a model that Labour should be able to live with... it will take some years to test the effectiveness of the model in practice, and obviously water will never escape entirely from politics. But the Water Act does seem to have faced squarely the pull between public and private and to have produced a balanced model," he says.

But, with inexorably rising prices, continuing awareness of the need for higher standards backed by pressure from Brussels, the prospect of predatory moves among the water companies, together with the widespread and costly introduction of metering over the next decade, ministers' hopes that water might cease to be a political issue appear forlorn.

The name 'Jaguar' evokes a kaleidoscope of images:

Of a nation shocked by front-page pictures of a car torn in two, signifying the death of its blonde world racing champion, Mike Hawthorn, in a pointless crash on a Surrey pass 30 years ago.

Of a million enthusiasts instantly in love with the ultimate exotic sports car, at an impossibly unexciting price, on the E-Type's unveiling in 1961.

Of awe-of-dream in the drive-ways of public schools the length and breadth of pre- and post-war Britain, and the disgoring of uniformed, middle-class young as quintessentially British as the walnut, Wilton and crackling leather interiors from which they emerged...

Jaguar is Strling Moss, Ron Flockhart and a pantheon of other heroes hurtling through 1950s dawn en route to yet another Le Mans win and the roar, 30 years on, from thousands of British throats as the 'big cats' returned to dominate at the fabled circuit.

It is the creation of Britons still among the world's best at conceiving cars, in a country which for much of the past 30 years has been among the world's worst at making them.

Jaguar, in short, has been woven inextricably - and painfully - into the industrial, social and emotional fabric of Britain. And along the way, from its origins in the Swallow Sidecar Company in a Blackpool back street in 1922, it has collected a legion of aficionados around the world.

They are forgiving aficionados, too: in the late 1970s, with Jaguar hied white as a cash cat for the disordered, nationalised British Leyland empire, the common joke among American owners was that Jags were great, as long as you bought two - one to drive, the other for spares.

Yet even adverse stories like this, and the fact that customer loyalty often survived its abuse, have contributed to the mystique to the extent



**The risks and romance of Jaguar**

that the Jaguar legend is of all proportion both to reality and its physical size.

Sadly for Jaguar's chairman, Sir John Egan, and for others who had hoped for continuing independence, mystique is no longer enough. Nor are careful nurturing and well-applied business skills, even though during the last nine years Jaguar has been given back its self-respect. When Sir John joined, it took 14,000 workers to make 13,000 cars a year. Now, 12,000 workers produce more than 50,000.

The ground rules for viability in 1990s car-making would be unrecognisable to the lean, autocratic and dedicated genius who founded Jaguar, the late Sir William Lyons. Now, in almost all cases, size means strength.

Yet it is the mystique - Jaguar's history, its aura of craftsmanship, inspired engineering and high quality which accounts for most of the £1.6bn price tag tied to its radiator by the US multinational, Ford, two days ago, despite, for a large part of Jag-

uar's not-so-distant past, the last quality often being most notable by its absence.

It is the one ingredient which Toyota, Nissan and Honda know they cannot replicate in preparing their meticulous, billion-dollar assaults on the Western world's luxury car markets.

In its obsessive drive to create Lexus luxury cars better on every quality and engineering count than European rivals, Toyota has created "Little Europe" inside Japan.

It has spent over £100m on a 1,000 acre proving ground where everything from West German autobahns to English country lanes and Belgian pave has been precisely recreated so that Lexus can meet and match rivals on their home ground.

Japanese leather workers can now probably match Jaguar's West Midlands craftsmen stitch-for-stitch. Japanese engine technology is ahead of most Western rivals. With the same obsessive zeal, Japanese car makers are whittling away at such small gaps of taste and

styling as might still separate them from success in western markets.

But the finest engineers cannot build history at best you can buy someone else's. And in that course lies Ford's hope that, by supplying resources not intervention, by allowing Jaguar seemingly to roam as freely as in the past, the success which Ford's own perceived lack of pedigree has prevented in the luxury cars sector will be its at last.

The hope appears certain to be put to severe test.

For on the outright sports car front which Jaguar hopes once more to exploit with the E-Type, the "true" successor to the E-Type currently planned for launch in three to four years time, mockery is already turning to mystique for Japan.

In UK car parks where MG Es and Austin Healeys once crowded together, are Toyota MR 2 mid-engined two-seaters and, soon, Mazda Miata open sports cars so coveted in the US that they are selling at \$5,000 over list price.

Nissans have already beaten

Jaguar fair and square on the tracks of both Europe and North America; the world rally championship next year may well fall to Toyota; and it is Japanese engines which power Formula One cars.

If Jaguar's mystique looks vulnerable from the outside, it seems even more so from within, for a rude shock awaits those cherishing romantic notions of worker loyalty to a fine tradition.

Perhaps the dark years of unpopularity took too great a toll, or else the recent collapse of the company's brief surge of profitability deflated morale. In any event, workers at the company's plants often seem to take a fairly cynical view of the jobs.

"Take the sarcastic laughter of a group of production workers asked if they would take less pride in working for Ford. "Look, don't talk to me about pride," says one. "All anyone in these cars about is getting paid at the end of the week. Anyone who says anything else is having you on."

Some of this brazen self-interest may simply reflect a feeling that the notion of the loyal servant of the company is somewhat unfashionable in today's competitive environment that Jaguar has no right to call on the workers' finer feelings.

Whatever its cause, it is bound to inject an element of unease among the hopes held out by Ford.

For their part, Ford of Europe chairman Mr Lindsey Hales and his colleagues will be doing everything in their power to preserve the mystique. For they are fully conscious that the biggest threat to it, by far, is to assert an overt presence of their own.

In fact, they have already had success with the "softly, softly" approach - few people recall, or seem even aware, that another mystique-laden marque, Aston Martin, has been under Ford's control for more than two years.



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UK COMPANY NEWS

Pembridge has over 50% of DRG

By Clare Pearson

MR ROLAND FRANKLIN'S Pembridge Investments was last night expected to have clinched victory in its £897m hostile takeover bid for DRG, the paper and packaging concern, after earlier gaining official clearance to pursue the cash offer.

Pembridge is believed to have picked up about 14.4m shares yesterday, representing about 13 per cent of the company.

Together with its own holding, those of concert parties, and acceptances in respect of about 8m shares, this would have meant it ended the day in control of slightly more than 50

per cent of the company. Pembridge was freed to resume purchases of shares in DRG company yesterday morning, following an announcement that the Secretary of State for Trade and Industry had decided not to refer the bid to the Monopolies and Mergers Commission.

Bermuda-based Pembridge, a leveraged vehicle for a group of international investors, declared the 500p terms of its offer final during the day.

The turning point in the bid battle, which commenced at the end of September, came with the sharp fall in market on Monday October 16.

This drove DRG's share price below the 500p cash terms of Bermuda-based Pembridge's offer for the first time and enabled Pembridge to top up its holding from about 35 per cent to more than 28 per cent.

But Pembridge was then prevented from taking advantage of the nervous stock market to acquire more shares by the long-drawn out wait for the OFT's decision.

Acceptances in respect of 6.3 per cent of the shares had been received a week ago.

The OFT is thought to have been delayed over the last few weeks with correspondence from various bodies raising a

number of public interest questions arising from the bid and this detained it in reaching a decision.

When the bid was launched in September, analysts at the time suggested an appropriate takeover price for the company would be between 700p and 800p per share. DRG's share price then stood at 600p.

The September announcement of the bid came after long months of nervousness for DRG, during which Pembridge gradually accumulated its holding.

A stake was originally acquired a holding more than a year ago.

Western Motor buy-out collapses

By Ray Bashford

THE DIRECTORS OF Western Motor Holdings, the automotive, retailing, distribution and transport group, have abandoned a plan for a management buy-out after three months of negotiations.

Shares in the company which imports Lada cars from the Soviet Union and has franchises for BMW, Jaguar and Rover fell to a low of 475p immediately after the announcement of the buy-out's collapse before recovering to close down 167p to 533p.

The plan was announced in August before the extent of the difficulties being encountered by the buy-out teams at Magnat, the fitted kitchen group, and CFT, the retailer, became fully apparent.

The highly leveraged Western deal has run into the twin problems of rapidly increasing interest charges on fundings and increasingly difficult trading.

The directors said that in the light of recent increases in, and the continuing uncertainty regarding interest charges, it has not proved practical to arrange financing for the buy-out.

The directors said that they would continue to develop the core business while attempting pursuing several routes to maximise the return from property assets.

Negotiations are understood to have reached an advanced stage and a syndicate of banks and financial institutions was in place to complete the deal when the decision to abandon it was made.

In line with the entire car retailing sector, rising interest rates have cut into Western's sales and have been reflected in reduced margins.

The directors said that they would continue to develop the core business while attempting pursuing several routes to maximise the return from property assets.

Meggitt plays level of USH acceptances close to its chest

By Andrew Bolger

MEGGITT, the specialist engineering group, said yesterday that it would not announce until Monday the level of acceptances which its £104m bid for United Scientific Holdings had received by yesterday's 3pm close.

At Tuesday's close, Meggitt had already received acceptances from shareholders representing 49.94 per cent of USH's equity and it is certain that Meggitt now has acceptances representing a substantial majority of USH's shares for its offer, which it has declared final.

However, Meggitt has insisted that it is not prepared to proceed with the acquisition unless it obtains more information about the troubled defence contractor's finances. USH has said it is prepared to recommend acceptance of the Meggitt offer, and to provide appropriate financial information.

The proposed final dividend is unconditional as to acceptances.

Harry Ramsden for Third Market

By Vanessa Houlder

HARRY RAMSDEN, the world's largest fish-and-chip restaurant, yesterday announced that it would float on the Third Market on Monday, via a £2m offer for subscription. The company is offering 4m shares at £1 each, which will raise £2m for the company.

The shares will yield 6 per cent and will provide a p/e ratio of 15.4 on projected pre-tax profits of £660,000 for the year to September 30, 1990. In addition, shareholders will receive a 20 per cent discount on restaurant meals during the week.

Prospectuses will be available from the sponsors, Greig Middleton, and certain branches of Yorkshire Bank. The closing date of the offer is November 13.

Hobsons shares fall as finance chief quits

By Andrew Bolger

SHARES IN Hobsons Publishing plunged 130p to 250p yesterday after the company announced that its financial director had resigned and that it had called in Ernst & Young, the accountants, to review completely its financial management.

Hobsons, which publishes educational, vocational, scientific and industrial material, said that the Bodytalk businesses, which it acquired in August 1988, would incur a substantial loss in the current year.

Bodytalk provides publicity media for manufacturers of fitness and leisure equipment. The principal vendors of Body-

talk stayed on with Hobsons and continued to manage the businesses.

Hobsons said that during the 1988 audit it became clear that Bodytalk's financial position had been overstated. The two vendors who had been managing Bodytalk were dismissed and writs issued for breach of warranties and for the recovery of a substantial proportion of the purchase price.

New management had to be found, further problems at Bodytalk and these had deflected the financial management's time during a period of rapid expansion of Hobsons' business as a whole. This had led to excessive overhead costs

throughout the rest of the group.

In addition, the introduction of new computer systems, which had been accelerated to cope with the expansion, absorbed further management time and incurred extra costs. The full impact of these costs had only now become apparent and would further adversely affect profits.

Hobsons said that at the same time, certain consultancy publishing contracts had been deferred by clients due to the general slowdown in the economy. While the bulk of this shortfall would be recouped in 1990, the immediate impact would be that consultancy pub-

lishing sales would be lower in the current year.

The combination of these adverse factors had led to significant increase in borrowings and associated interest charges.

Mr Stephen Bartlett has resigned as finance director of Hobsons. Ernst & Young has seconded a full-time finance manager to the company.

Mr Adrian Bridgewater, chairman, said that in spite of these problems, Hobsons' turnover was well ahead of last year and the current order position was strong. In the half-year to June 30, Hobsons made a pre-tax profit of £152,000 on turnover of £3.74m.

A H Ball profit warning hits share price

By Nikki Tait

SHARES IN AH Ball, a specialist in excavation and laying of pipelines, tumbled from 181p to 143p yesterday as the company issued a trading warning - just five months after launching its shares on the Unlisted Securities Market at 165p apiece.

Ball said that it had "recently experienced difficult trading conditions". It explained that the number of specific contracts going up for

tender had lessened and that the bulk of work under period schedule contracts had tended towards low margin "find and fix maintenance work".

This, it contended, was partly due to the water companies' preoccupation with privatisation. Mr Pom Austers, Ball chairman, claimed that the water boards "have been using all their resources to agree K-factors [part of the price limits within the privatisation

negotiations]", and capital expenditure programmes had been delayed as a result.

The downturn, he added, started in July - just one month after Ball's market launch. Then, Ball said that "trading in the current financial year has started well with a high level of activity which directors believe will continue".

The company also said it had

suffered from reduced residential housing developments, but added that it remained "confident about the long-term prospects of the group". It has just won a one-year period schedule contract from Southern Water Services, worth £580,000 in turnover terms.

AmBrit acquisition and rights

By Andrew Bolger

AMBRIT International, the US\$-quoted oil and gas explorer, yesterday announced a proposed acquisition and a rights issue to finance it.

It proposes to buy Hardy Resources, a subsidiary of Hardy Oil and Gas, which has interests in 20 UK onshore oil and gas licenses, eight of which it operates.

The interests include a 12.5 per cent stake in Humble Grove and Herrard in Hampshire, both of which fields are in production.

AmBrit will pay £1.3m out

for the assets of Hardy Resources, subject to approval of the sale by shareholders and the Energy Secretary. It plans to raise £4m by a 12-for-11 rights issue at 12p per share. Holders of the 9 per cent convertible loan stock will be offered 403 new ordinary shares for every £100 nominal of stock held.

AmBrit said the acquisition was a significant step in its strategy of developing a presence in the UK and broadening its asset base. It would enhance revenues by providing

its first petroleum income stream in the UK and increase its exploration potential.

The balance of £2.7m raised by the rights issue would be used to fund exploration by the enlarged group, reduce debt and provide working capital.

AmBrit's parent company and largest shareholder, AmBrit Inc, will not take up its rights entitlement and will therefore see its stake in the company fall from 46 per cent to 20.6 per cent.

AmBrit shares closed down 1 1/2p at 13p.

Administrators fail to find Paramount buyer

By Richard Tomkins, Midlands Correspondent

ADMINISTRATORS looking after the affairs of Paramount Airways, the insolvent charter airline until recently controlled by former Eagle Trust directors Mr John Ferriday and Mr Richard Smith, have been unable to find a buyer for the company, it emerged yesterday.

The administrators had hoped to sell it as a going concern, but a creditors' meeting in London heard yesterday that the only bid on the table was a £1.5m offer for the company's assets from a consortium including two of Paramount's remaining directors and an unnamed quoted company. The creditors voted to accept.

Paramount was put into

administration - a form of receivership - in August when it became clear that it could not trade its way out of its financial difficulties.

The company had previously been controlled by Mr Ferriday and Mr Smith, former directors of Paramount's joint venture partner, Eagle Trust, who is at the centre of a Serious Fraud Office inquiry into a missing £13.7m.

The SFO investigation subsequently spread to Paramount when the administrators discovered that several million pounds' worth of unexplained payments to other companies controlled by Mr Ferriday and Mr Smith.

In a newspaper interview in September, Mr Ferriday, speaking from overseas, said that in

an attempt to bail out friends and associates who underwrote Eagle's disastrous 1987 rights issue, "I taxed and raped every single source of funds I had".

Mr Smith claims to have had no day-to-day involvement in the running of Paramount.

Administrators - Mr Roger Powell, of accountants Spicer & Oppenheim - told creditors yesterday: "The information available to us strongly suggests that substantial amounts of the company's (Paramount's) funds have been applied for purposes which have no readily apparent connection with the affairs or business of the company."

Mr Powell said proceedings had been started in the High

Court against Mr Ferriday, a company called Ferriday & Smith Holdings, and Paramount Executive Ltd in relation to payments totalling over £9m.

Other substantial payments totalling £2m were made to recipients in Jersey, and proceedings had been started against Rycro Trust, Hambros Bank (Jersey) and Am General Investments.

Creditors heard that the Bristol-based Paramount - now with only three aircraft, all leased - had estimated net debts of £11.2m. Its main remaining assets were the deposits on the aircraft leases, spare parts for the aircraft, and the fixtures and fittings in the company's offices.

Seeking a remedy out of the commercial doldrums

Peter Marsh looks at the opportunities and problems facing the the UK's biotechnology companies

THE NEXT few months will be crucial for Britain's fledgling biotechnology companies, which have received backing of some £200m from private investors - so far with little in the way of return.

The three highest companies in this business are Celtech, British Bio-technology and Porton International. All are hoping for significant signs by early next year that they are on course for making money out of drugs passing through their development pipelines.

making a profit. Porton shows a net surplus in its accounts only because of its practice, considered highly unusual in the rest of the industry, of capitalising its research and development spending so that it does not show up as an expense.

In the case of all the companies, revenues are coming mainly from contract manufacturing services, sales of reagents and other chemicals, or research performed for larger businesses.

The lack of rapid progress by the companies in the important areas of drug development has led to a postponement by both Porton and Celtech of plans to seek a public quotation in the near future.

Both companies are thought keen to proceed with their plans in the early-to mid-1990s while British Bio-technology - several years younger than the other two and therefore further back in its development programme - has similar ideas.

Some investment groups and drug-industry analysts have expressed disappointment at the pace of progress, although others are more sanguine.

Mr Ian White, a healthcare analyst at Kleinwort Benson, the stockbroker, said he was confident that Celtech and British Bio-technology would become significant pharmaceutical companies by the end of the century.

Another biotech analyst at a leading UK venture capital company said, in contrast, that most of the businesses were underestimating the difficulties of getting their products on to the market.

But progress by the companies, despite the long and tortuous safety trials which new drugs have to undergo and which could delay the biotech products going on sale. Another difficulty was competition from established drug companies, many of which are working on similar therapies to the biotech businesses.

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Keith McCullagh (left) and Gerard Fairtlough, chief executives of British Bio-technology and Celtech respectively

Mr Duncan Moore, an analyst at Muir-Curry Böttjager, a healthcare stockbroker with offices in London and the US, said he shared these doubts. "I take with a pinch of salt the idea that many of the UK biotechnology groups are going to turn into large, integrated drug companies," he said.

Of Britain's biotech businesses, British Bio-technology, which has received investment of £33m, is the most enthusiastically supported among financial analysts.

The group was set up only in 1986 and is generally agreed to have made good progress. "Of all the companies on the biotech scene in Britain they have the most focused commercial approach," said one fund manager.

British Bio-technology is earning most of its revenues, expected to be around £3m this year, from sales of diagnostic products and research payments from larger groups such as Johnson & Johnson, the big US pharmaceutical company.

It is pinning many of its hopes on two products, a novel type of cancer drug and a vaccine for possible use against AIDS.

Mr McCullagh, 46, was formerly head of research at the UK division of GD Searle, the US drug group. He scorns the idea that his company is not in a position to challenge the pharmaceutical giants.

"The quality of management here is better than in any drugs company I have encountered," he said. "It's too easy to take the conventional view that you've got to be a Glaxo or a Merck [two of the world's biggest drug businesses] to make progress."

Celtech is known in Britain as the grandfather of the biotech business because it has existed longer than any of the others. Set up in 1980, it was originally part-owned by the Government's National Enterprise Board and has won financial backing so far of some £70m.

With sales expected this year of £20m or so and a small taxable profit last year of £125,000, the company is involved with a

range of contract-manufacturing processes involving novel biology techniques.

It is a world leader in the manufacture of monoclonal antibodies - highly pure natural proteins thought to have big potential in the fight against various types of disease.

Mr Gerard Fairtlough, 59, is Celtech's chief executive and he has held the post since the company's formation. A former head of the UK chemicals unit of the Royal Dutch/Shell oil company, Mr Fairtlough radiates enthusiasm and has a high reputation in the industry.

He said he had succeeded in getting Celtech off the ground by being "cussed". "Also I have insisted on standards within the company as high as those I found at Shell."

Lake British Bio-technology, Celtech is focusing on two specific therapeutic products. Both products are already in clinical trials, and are for use in neurosurgery and for combating an often fatal condition called septic shock.

Mr Fairtlough, who intends to stand down from his position at Celtech in the near future, said he hoped within the next year or so to sign agreements with other companies which could help to market the neurosurgery and septic-shock formulations in the US and Japan.

Some onlookers, however, have their doubts about Celtech's future. "In my view they have spread themselves too widely," said one venture capital expert. "They have excellent technology but I am not so sure about their commercial approach."

Porton, which has gained £76m from private investors, is the most private of Britain's biotech companies. It is much more secretive than the others about its activities. Some analysts are highly sceptical about its chances of success.

The company had sales last year of £13.7m and showed a pre-tax profit of £8.2m. But the

profit figure does not take into account development expenditure of £7.9m which is not shown in the profit-and-loss account due to the company's practice of capitalising this expense.

Porton, set up in 1982 by Mr Wensley Haydon-Baillie, its chairman, recruited last year as chief operating officer Mr John Burke, 45, a former Glaxo director. Mr Burke, who is believed to be on an annual salary of at least £400,000, said the company is developing a range of promising products which could be winners in the 1990s.

One of the main products in Porton's development programme is a herpes vaccine and therapeutic agent on which clinical trials in the US should be finished by the end of the year.

Among the smaller companies in the UK biotech business is Xenova, which is attempting to develop a number of new drugs based on natural organisms. The company, with annual sales of about £1m, is predicting large-scale revenues in the mid-1990s.

Mr Clive Crooks, 45, became managing director shortly after Xenova was formed in 1986. Before this he had a career at large drugs companies including Beecham and Cyanamid. He said he joined largely because he was "fed up" with the slow pace of development at many large companies.

Echoing these sentiments is Mr Bill Henderson, 43, chief executive of Oros - a small company making instruments for the biotech industry. Mr Henderson, who took on the job earlier this year, previously worked in top executive positions at large UK instruments companies including Kratos and Cambridge Instruments.

Mr Henderson said he deliberately sought work at a small, young company. "I wanted to help a business to learn from the mistakes I made in other parts of my career. So far I am having fun."

COMPANY NEWS IN BRIEF

FLEMING FAR EASTERN Investment Trust: Net asset value per share showed a sharp increase to 574.2p at the end of September 30, 1989, against 321p a year earlier. After a reduced tax charge of £668,000 (net revenue for the six months period edged ahead from £1.22m to £1.24m. Earnings per share were 0.76p (0.77p) and the interim dividend unchanged at 0.2p. Gross income was £3.75m (£3.42m).

GRAND METROPOLITAN has confirmed its intention to apply for a listing of the company's ADS's on the New York Stock Exchange, dependent upon necessary approvals. It is planned that the listing will be achieved at the latest by autumn 1990, subject to market conditions at the time.

RESTATEAL Board intends to dispose of Hestair and Restair Kidcraft. The company believes it will be able to reinvest the proceeds from the sale more productively in the personal services field, to enhance capital resources.

ENOB and KNOCKERS' subsidiary, Beaver Architectural Ironmongery has acquired the goodwill and certain assets of the architectural ironmongery business carried on by the business of Security and Sign Services in Southampton. The consideration is £265,000 payable in cash. K and K has agreed to sell the business carried on by its subsidiary Albion Design and Fabrications, to a company controlled by Albion's managing director Malcolm Woolf, for a cash consideration of £120,000.

LONDON MERCHANT Securities: On October 26 the 16.4 per cent of the total ordinary shares held by Westpool Investment Trust as deferred ordinary were automatically converted into ordinary. Westpool now holds 123.3m (50.79 per cent). Of the shares converted, 40.23m are registered in the names of Rt Hon Lord Rayne and £100,000 in the name of Millrayne Holdings.

OCEANA DEVELOPMENT: Offer by Symphony received acceptances in respect of a total of 158,945 Oceana stock units (2.95 per cent). Prior to

the announcement of the offer the Lewis family interests held 2,830,183 Oceana stock units (62.53 per cent). In accordance with the terms and conditions of the offer, the offer is now closed.

SENIOR ENGINEERING Group has sold for £1.5m cash the plastics design and engineering division of its subsidiary Senior Industrial Plastics to the Motherwell Bridge Group. The sale comprises the freehold property at Culloch near Warrington, together with the trade and net assets.

SEIP MORTGAGE Finance pre-tax profits for the half year September 30 1989 were £648,461 compared with £25,739 for the corresponding period of the previous year.

TR AUSTRALIA proposes to change name to TR Far East Income Trust, to adopt new articles and to introduce a fixed life for company. Proposed capital reduction by cancelling and repaying all preference stock. Preference holders will be given option of exchanging stock for cash, ordinary shares at net asset value or a mixture of cash and ordinary shares.

UNIDARE is to acquire Centraj, a York-based maker of gas welding and cutting equipment, for £1.6m, satisfied as to £1.6m cash and the rest in shares. Centraj has turnover of over £3m.

INDOR DES ASSURANCES de Paris, the French insurance group, has increased its stake in Sun Life Assurance to just short of 25 per cent with the purchase of 1.87 per cent on Thursday.

UNIT GROUP is disposing of its loss-making Reels and Drums subsidiary for £1.67m to Sonoco Reels, a subsidiary of Sonoco UK. The sale enables Unit Group to focus on its core activities of timber pallet manufacturing, while concentrating resources on the expansion of the engineering division.

VIBROPLANT has purchased the portable accommodation hire fleet and certain other fixed assets of Britspan Hire, a castle Group. Purchase consideration of £2.57m has been satisfied in cash.

MARKET STATISTICS

ECONOMIC DIARY

**TODAY: 1989 - Africa and Europe conference, Africa Centre, London. Fourth international energy two-day conference opens - Environmental challenges, the energy response, Chatham House, London. Shelter launches "Give Us A Break" campaign for young people. Apex Partnership conference on new unions for the 1990s opens in Scarborough (until November 6).**

**WEDNESDAY:** Employment Gazette published, including detailed analysis of employment, unemployment, earnings, prices, and other indicators. Mrs Margaret Thatcher, the Prime Minister, addresses the General Assembly of the United Nations, New York. Polls on Sunday pub opening to be held in 14 Welsh districts. Mr John Wakeham, Energy Secretary, speaks at conference of British Coal Enterprises, coal industry job creation agency, London. Confederation of British Industry statement on transport infrastructure. Jordanian general election.

**TOMORROW:** Greek general elections. Association of British Travel Agents annual conference opens in Acapulco, Mexico (until November 9). Mr James A. Baker, US Secretary of State, addresses Asia-Pacific economic conference in Sydney, Mass. march and rally by groups opposed to Channel Tunnel rail link, Trafalgar Square. Brighton voter, car run.

**MONDAY:** Central Statistical Office publishes figures for September retail sales (final); and September credit business. EC general affairs council (Foreign Ministers) starts two-day meeting in Brussels. Financial Times two-day conference opens in Madrid on business with Spain - strategies for 1992 and beyond. Some 50 environment ministers attend two-day international conference at Noordwijk, Netherlands, on global warming. Glass Holdings annual meeting.

**TUESDAY:** EC telecommunications council meets in Brussels. Report on the 1989-90 exhibition opens, Barbican, London. New York city mayoral election. Ambulance unions expected to escalate dispute. Joint European Torus (JET) statement on nuclear fusion research. Dr David Owen, leader of the Social Democratic Party, gives lecture at Institute lectures, House of Commons. Namibian independence.

**FRIDAY:** Figures for October usable at production from BSC/BISPA.

EUROPEAN OPTIONS EXCHANGE

Series	Nov 89		Feb 90		May 90		Stock
	Vol	Last	Vol	Last	Vol	Last	
Gold C	5,770	341	12	28	20	30.50	381.60
Gold D	3,900	222	1.90	1.90	1.50	1.4	381.60
Gold E	3,900	222	1.90	1.90	1.50	1.4	381.60
Gold F	3,900	222	1.90	1.90	1.50	1.4	381.60
Gold G	3,900	222	1.90	1.90	1.50	1.4	381.60

Series	Nov 89		Feb 90		May 90		Stock
	Vol	Last	Vol	Last	Vol	Last	
EUR Index C	1,275	70	12	62	11.50	11.50	282.97
EUR Index D	1,275	70	12	62	11.50	11.50	282.97
EUR Index E	1,275	70	12	62	11.50	11.50	282.97
EUR Index F	1,275	70	12	62	11.50	11.50	282.97
EUR Index G	1,275	70	12	62	11.50	11.50	282.97

Series	Jan 90		Apr 90		Jul 90		Stock
	Vol	Last	Vol	Last	Vol	Last	
ABN C	14	0.70	10	1.30	1.00	1.00	41.30
ABN D	14	0.70	10	1.30	1.00	1.00	41.30
ABN E	14	0.70	10	1.30	1.00	1.00	41.30
ABN F	14	0.70	10	1.30	1.00	1.00	41.30
ABN G	14	0.70	10	1.30	1.00	1.00	41.30

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday November 3 1989					Highs and Lows Index				
	Index	Day's Change	Est. Earnings (pence)	Gross Div. Yield (%)	Est. P/E (Act at 25%)	Index No.	Index No.	Index No.	Index No.	Index No.
1 CAPITAL GOODS (208)	872.13	+0.8	12.74	4.96	9.61	27.91	864.89	868.94	823.18	1012.97
2 Building Materials (27)	1836.53	+0.9	15.28	5.36	8.21	33.83	1807.31	1834.92	1816.23	1287.14
3 Contracting (20)	2491.73	+0.7	11.87	4.99	11.36	68.90	2473.20	2493.46	2478.46	2374.53
4 Electricals (110)	1933.91	+1.1	9.53	3.88	13.52	50.47	1913.76	1928.97	1902.22	1755.77
5 Electronics (20)	468.25	+1.1	12.14	4.88	10.82	14.68	452.78	464.44	458.72	432.21
6 Mechanical Engineering (54)	458.05	+0.9	22.44	6.54	4.91	16.23	454.16	454.37	449.23	518.39
7 Metals and Metal Forming (6)	363.14	+0.3	10.94	4.77	18.72	11.79	361.92	364.73	365.35	378.89
8 Motors (18)	1613.32	+0.6	18.21	4.64	11.55	31.93	1604.41	1624.94	1585.54	1363.75
9 Other Industrial Materials (24)	1292.58	+0.7	8.87	3.57	14.28	28.10	1233.83	1235.12	1222.65	1075.29
10 CONSUMER GROUP (186)	1292.58	+0.7	8.87	3.57	14.28	28.10	1233.83	1235.12	1222.65	1075.29
21 Breweries and Distillers (23)	1093.56	+0.2	9.45	3.56	15.24	27.10	1088.35	1095.74	1075.28	1042.95
22 Food Manufacturing (20)	1093.56	+0.2	9.45	3.56	15.24	27.10	1088.35	1095.74	1075.28	1042.95
23 Food Retailing (14)	2345.28	+1.1	9.03	3.04	14.64	44.25	2288.72	2284.99	2275.93	1863.13
24 Health and Household (14)	2495.90	+0.6	6.28	1.92	18.99	48.54	2471.13	2454.79	2425.58	1873.18
25 Leisure (34)	1839.97	+1.2	8.48	3.73	14.54	37.12	1822.43	1824.86	1811.14	1895.97
26 Packaging and Paper (13)	533.22	+0.9	11.30	5.68	13.04	16.17	526.55	528.13	523.40	423.86
27 Publishing and Printing (18)	3578.92	+0.6	9.80	4.84	14.24	107.68	3556.73	3563.78	3481.43	2499.07
28 Stores (32)	7693.91	+0.9	11.19	4.79	11.67	21.68	762.85	767.73	758.85	921.71
29 Textiles (114)	589.97	+0.4	11.21	5.77	10.82	15.85	573.79	589.78	570.43	386.90
40 OTHER GROUPS (93)	1854.87	+0.8	10.73	4.69	11.35	47.58	1884.98	1892.48	1882.70	1722.58
41 Agencies (17)	1493.63	+0.6	7.66	2.42	17.46	25.29	1493.18	1495.88	1488.44	1072.82
42 Chemicals (22)	1178.30	+0.3	12.81	5.35	9.19	43.58	1166.78	1168.31	1167.75	1054.82
43 Conglomerates (13)	1561.27	+1.8	18.94	5.20	10.75	36.91	1546.58	1555.68	1533.75	1268.91
44 Transport (13)	2119.34	+0.2	10.52	4.42	12.13	56.58	2115.99	2127.16	2104.76	1911.38
47 Telephone Networks (2)	1854.87	+0.8	10.73	4.69	11.35	47.58	1884.98	1892.48	1882.70	1722.58
48 Miscellaneous (26)	1815.99	+1.4	9.54	4.53	11.41	44.84	1791.42	1802.11	1781.32	1243.83
49 INDUSTRIAL GROUP (148)	2118.03	+0.7	10.38	4.21	11.89	28.73	2109.78	2113.63	2103.17	1908.31
51 Oil & Gas (15)	2734.02	+0.4	10.15	3.52	10.89	67.50	2724.82	2724.45	2718.50	2396.36
59 500 SHARE INDEX (500)	1243.46	+0.7	10.34	4.27	12.09	33.53	1235.99	1240.81	1235.17	1135.68
61 FINANCIAL GROUP (121)	748.11	+3.2	5.57	2.85	10.75	28.35	739.00	749.28	739.28	695.79
62 Banks (9)	733.28	+2.2	22.90	6.43	5.74	35.17	734.16	739.28	727.28	678.40
63 Insurance (116)	1258.45	+0.9	5.47	3.47	11.81	47.56	1239.76	1243.41	1236.98	1078.22
64 Insurance (Life) (8)	1258.45	+0.9	5.47	3.47	11.81	47.56	1239.76	1243.41	1236.98	1078.22
65 Insurance (Non-Life) (108)	1258.45	+0.9	5.47	3.47	11.81	47.56	1239.76	1243.41	1236.98	1078.22
66 Insurance (Brokers) (7)	1029.87	+1.3	7.24	6.04	18.39	45.26	1026.36	1048.85	1048.85	955.71
67 Merchant Banks (13)	399.72	+0.7	4.23	2.93	11.27	9.78	396.77	399.35	393.79	417.88
68 Property (49)	1143.16	+0.5	7.84	5.99	16.11	22.74	1137.34	1143.16	1135.27	1045.37
69 Other Financial (30)	316.32	+0.6	5.76	3.29	10.39	13.34	316.43	316.51	315.87	313.18
71 Investment Trusts (69)	1218.22	+0.8	2.93	2.11	13.90	28.81	1218.48	1218.22	1218.34	946.97
81 Mining Finance (1)	676.20	+2.1	11.85	9.38	18.17	22.25	662.09	662.89	646.69	563.99
91 Overseas Traders (17)	434.25	+1.6	10.38	5.93	12.47	49.88	434.13	434.58	434.58	345.93
99 ALL-SHARE INDEX (698)	1094.54	+0.8	4.51	3.16	10.85	33.96	1085.73	1088.76	1080.79	958.61

FIXED INTEREST	AVERAGE GROSS REDEMPTION YIELDS					1989				
	Price Index	Fri Nov 3	Day's Change %	Thu Nov 2	ad. adj. today	Fri Nov 3	Thu Nov 2	Year ago (approx.)	High	Low
1 British Government	116.32	+0.07	116.42	0.17	10.40	18.01	9.99	9.70	10.48	11.10
2 5-15 years	129.25	+0.05	129.22	-	11.00	9.75	9.23	9.76	9.76	9.72
3 Over 15 years	138.46	+0.11	138.30	-	11.00	9.68	9.11	9.68	9.68	9.12
4 Irredeemables	165.80	-0.40	165.42	-	13.42	9.28	8.83	9.28	9.28	8.83
5 All stocks	127.54	+0.06	127.53	0.06	11.41	9.49	8.83	9.49	9.49	8.83
6 Index-Linked	138.94	-0.16	139.16	-	2.79	3.72	3.64	3.72	3.64	3.64
7 0ver 5 years	137.90	-0.05	137.98	-	3.15	2.89	2.81	2.89	2.81	2.81
8 All stocks	137.86	-0.06	137.95	-	3.24	3.47	3.46	3.47	3.46	3.23
9 Debentures & Loans	107.30	-0.44	107.77	-	9.19	13.82	13.81	13.82	13.81	11.47
10 Preference	86.36	-	86.36	-	5.26	12.44	12.44	12.44	12.44	11.19

BANK RETURN		WEDNESDAY NOVEMBER 1, 1989		INCREASE OR DECREASE FOR WEEK	
LIABILITIES	£	£	£	£	£
Capital	14,525,000				
Public Deposits	62,088,280				
Reserve and other Accounts	2,357,296,204				
ASSETS					
Government Securities	1,784,081,534				
Advances and other Accounts	1,189,087,840				
Premises Equipment & other Sees	1,287,432,056				
Notes	10,784,214				
Other	198,651				
LIABILITIES					
Notes in circulation	15,040,215,788				
Notes in Banking Department	10,784,214				
ASSETS					
Government Debt	11,015,100				
Other Government Securities	12,877,448,288				
Other Securities	2,071,530,374				

BASE LENDING RATES		ASBANK		CITY		MIDLAND		NORWICH		NORTH		SOUTH		WEST	
Bank	%	Bank	%	Bank	%	Bank	%	Bank	%	Bank	%	Bank	%	Bank	%
ABN Bank	15	City Merchants Bank	15	Midland Bank	15	Norwich Bank	15	North Bank	15	South Bank	15	West Bank	15	Yorkshire Bank	15
Adair & Company	15	Clydesdale Bank	15	Ed. Bk. of South	15	Ed. Bk. of North	15	Ed. Bk. of West	15	Ed. Bk. of East	15	Ed. Bk. of South	15	Ed. Bk. of North	15
Allied Irish Bank	15	Ed. Bk. of East	15	Ed. Bk. of South	15	Ed. Bk. of North	15	Ed. Bk. of West	15	Ed. Bk. of East	15	Ed. Bk. of South	15	Ed. Bk. of North	15
Bank of Ireland	15	Ed. Bk. of South	15	Ed. Bk. of North	15	Ed. Bk. of West	15	Ed. Bk. of East	15	Ed. Bk. of South	15	Ed. Bk. of North	15	Ed. Bk. of West	15
Bank of Scotland	15	Ed. Bk. of North	15	Ed. Bk. of West	15	Ed. Bk. of East	15	Ed. Bk. of South	15	Ed. Bk. of North	15	Ed. Bk. of West	15	Ed. Bk. of East	15
Bank of Wales	15	Ed. Bk. of West	15	Ed. Bk. of East	15	Ed. Bk. of South	15	Ed. Bk. of North	15	Ed. Bk. of West	15	Ed. Bk. of East	15	Ed. Bk. of South	15
Bank of Cyprus	15	Ed. Bk. of East	15	Ed. Bk. of South	15	Ed. Bk. of North	15	Ed. Bk							

INTERNATIONAL COMPANIES AND FINANCE

Budget Australia joins list of corporate casualties

By Chris Sherwell in Sydney

THE Budget Rent a Car Organisation in Australia reached the end of the road yesterday, in a failure which adds another of the country's high-profile businesses to a lengthening list of corporate casualties.

But analysts also blamed the group's aggressive cut-price strategy aimed at securing market share. Rescue attempts were initiated by a consortium comprising Brambles, the transport and waste management group, and four local car makers - General Motors-Holden, Ford, Toyota and Nissan - said to be owed A\$17.5m (US\$13.6m).

Earlier this week it was confirmed that Budget Rent a Car Systems owned Budget Corp more than A\$7.3m in fees, with no certainty of recovery - a revelation which prompted an inquiry by the National Companies and Securities Commission (NCSG).

Home Shopping drops GTE suit

By James Buchan in New York

HOMER Shopping Network, the struggling Florida company that pioneered the business of selling goods through television phone-in shows, has dropped its billion-dollar lawsuit against GTE, the giant telecommunications group that installed its telephone network.

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Full-year sales at Cinzano rise to L180bn

By Sari Gilbert in Rome

CINZANO Italiana, the Italian vermouth and sparkling wine group, has reported a 15 per cent increase in sales for the year ended September and said it expected net profits for the year to total L180bn (\$2.8bn), up from L157bn in 1988.

Telerate accepts raised offer from Dow Jones

By Karen Zagor in New York

DOW JONES, the big US financial publishing group, has agreed to buy out the minority shareholding in Telerate, its electronic market information business, for a sweetened price of \$21 a share, or about \$560 million.

Attempt to oust Mentor liquidators defeated

By Patrick Cockburn

AN ATTEMPT by some of the creditors of the Mentor Insurance company of Bermuda, which failed in 1985 with debts of \$760m, to dismiss the company's liquidators has been voted down by the annual meeting of Mentor's creditors.

Gauloise turns to blonde appeal

George Graham on the way ahead for a French cigarette producer

THE Gauloise cigarette carries one of those brand images that cling to their maker like last night's smoke.



In the firing line: Seita is testing a blonde variety of Gitanes

But Seita, the French state-owned tobacco company which makes Gauloise, is to change its image, along with its products and its strategy, to compete in changing markets.

With increasing competition from foreign cigarette makers which, since the end of the 1970s, have been able to move into the previously highly protected French market, Seita has seen its position come under attack.

Seita has reacted by moving into the blonde tobacco market, launching its own blonde cigarettes to compete against American brands such as Marlboro.

China Light and Power climbs 10% to HK\$2bn

By John Elliott in Hong Kong

CHINA LIGHT and Power, the utility controlled by the Kadourie family which has a monopoly on electricity supplies to the Kowloon and New Territories areas of Hong Kong, yesterday announced net profits after tax and transfers under a government scheme of control of HK\$2.02bn (US\$259.5m) for the year ended September.

CHINA LIGHT and Power, the utility controlled by the Kadourie family which has a monopoly on electricity supplies to the Kowloon and New Territories areas of Hong Kong, yesterday announced net profits after tax and transfers under a government scheme of control of HK\$2.02bn (US\$259.5m) for the year ended September.

TCE chairman to quit for advisory role in Thomson

By William Dawkins in Paris

THOMSON Consumer Electronics (TCE), the world's fourth largest producer in its sector, will be succeeded by Mr Bernard Isautier, 47, a former chief executive of the state-owned oil group.

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Table with columns: WEEKLY PRICE CHANGES, Latest prices, Change on week ago, Year ago, High 1989, Low 1989. Includes items like Gold per tray, Silver per tray, etc.

Table with columns: SPOT MARKETS, COCOA - London POX, Ethanol, etc. Includes items like Gold, Silver, Platinum, etc.

Table with columns: SOYABEAN MEAL, SOYABEAN OIL, etc. Includes items like Soyabean meal, Soyabean oil, etc.

Table with columns: CRUDE OIL - IPE, \$/barrel, etc. Includes items like Crude oil, etc.

Table with columns: LONDON METAL EXCHANGE, (Prices supplied by Amalgamated Metal Trading), etc. Includes items like Aluminium, Copper, etc.

Table with columns: POTATOES - IPE, ETHANOL, etc. Includes items like Potatoes, Ethanol, etc.

Table with columns: GRAIN - IPE, ETHANOL, etc. Includes items like Grain, Ethanol, etc.

Table with columns: PHOS - IPE, (Cash Settlement) \$/kg, etc. Includes items like Phosphorus, etc.

Table with columns: US METALS, IN THE METALS, etc. Includes items like Gold, Silver, etc.

Table with columns: NEW YORK, GOLD 100 Troy oz, etc. Includes items like Gold, Silver, etc.

Table with columns: TRADED OPTIONS, ALUMINIUM (5% TOL), etc. Includes items like Aluminium, etc.

Table with columns: INDICES, REUTERS (Base: September 10 1981 = 100), etc. Includes items like Reuters, Dow Jones, etc.

Table with columns: CHICAGO, SOYABEAN OIL, etc. Includes items like Soyabean oil, etc.

Table with columns: SOYABEAN MEAL, SOYABEAN OIL, etc. Includes items like Soyabean meal, Soyabean oil, etc.

Table with columns: SUGAR WORLD, COTTON 50,000 lbs, etc. Includes items like Sugar, Cotton, etc.

Table with columns: ORANGE JUICE, PORK BELLY, etc. Includes items like Orange juice, Pork belly, etc.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady after US data

THE US DOLLAR was steady after the latest US employment report pointed to stronger than expected economic growth...

said the dollar was supported at the lower levels by the strong growth in employment, which meant an immediate easing in monetary policy was unlikely...

adding that dollar-yen trading had been the most active in anticipation of the record \$30m quarterly refunding next week.

£ IN NEW YORK

Table with columns for currency, bid, ask, and price. Includes entries for US Dollar, Japanese Yen, etc.

CURRENCY RATES

Table showing currency rates for various countries including Australia, Canada, Hong Kong, etc.

OTHER CURRENCIES

Table showing rates for currencies like Argentine, Brazil, Chile, etc.

FORWARD RATES AGAINST STERLING

Table showing forward rates for US Dollar, French Franc, etc.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for 3 and 6 month US dollars.

MONEY RATES

Table showing money rates for Treasury Bills and Bonds.

LONDON MONEY RATES

Table showing London money rates for various currencies.

NEW YORK

Table showing New York market data for various currencies.

FT GUIDE TO WORLD CURRENCIES

Large table providing a comprehensive guide to world currencies, including rates and trends.

FINANCIAL FUTURES AND OPTIONS

Table showing financial futures and options data for US Treasury and Eurodollar.

Table showing financial futures and options data for Liffe and Eurodollar.

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DIVIDENDS ANNOUNCED

Table listing companies and their announced dividends, including dates and amounts.

LONDON RECENT ISSUES

Table listing recent issues in the London market, including company names and prices.

RIGHTS OFFERS

Table listing rights offers for various companies, including terms and conditions.

FIXED INTEREST STOCKS

Table listing fixed interest stocks and their market performance.

TRADITIONAL OPTIONS

Table listing traditional options and their market data.

FT GUIDE TO WORLD CURRENCIES Every Tuesday in the FT

The London Traded Options Market experienced another quiet day yesterday as stock market doctorms cast a shadow over trading.

There was some half-hearted interest in individual stocks, but volume in the FT-SE 100 index failed to live up to Thursday's small burst of interest.

Several individual stocks grabbed the attention, mainly for use in defensive strategies by those players concerned about recession.

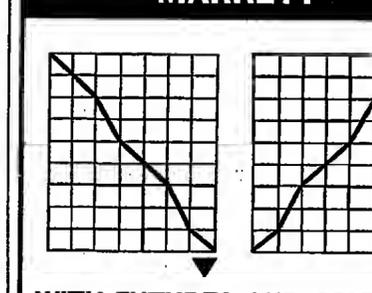
which traded 19,440 contracts, while 8,757 put options changed hands.

The death of trades reflects a lack of confidence in the UK political situation as well as a lack of volatility on the options market.

Turnover in the FT-SE 100 index option was unusually low at 5,645 contracts, with 2,294 calls and 3,349 puts changing hands.

Much of last week's trading in the options market was for a short-term profit and traders report few long-term participants.

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WORLD STOCK MARKETS

AMERICA

Key statistics leave Dow unmoved

Wall Street

STRONG US employment figures pushed bond prices downwards, but equity investors showed little or no reaction, concentrating instead on takeover developments and corporate results.

The Dow Jones Industrial Average fell slightly at the opening in response to a sharp decline in bond prices. But bargain-hunters emerged rapidly as the bond market stabilised. By 2 pm the Dow was up 2.46 points at 2,634.02 in moderate trading of about 65m shares.

The Treasury's benchmark long bond was trading down at 102 1/2 by lunchtime, after sustaining losses of as much as 1/2 point earlier on. The long bond yielded 7.93 per cent at its lunchtime price. The dollar also declined, within a narrow range after an initial sharp rally.

The currency and interest rate movements were mainly due to conflicting interpreta-

tions of the October employment report, which showed a 233,000 increase in the payroll employment, while the civilian jobless rate remained unchanged at 6.3 per cent.

Wall Street economists had been anticipating a weaker number, with the consensus expectation put at around 150,000 for payroll figures and 5.4 per cent for the unemployment rate.

The bond market's initial anxiety about the strong figures was tempered, however, on closer examination. This showed that much of the employment growth was due to local government hiring of teachers because of strikes that began usual start to the school year.

Thus several economists argued that the apparent jump in employment figures was merely a seasonal aberration. They pointed to a continuing sharp decline in manufacturing jobs as evidence that the economy was still weakening and that the Federal Reserve Board would soon have to

lower interest rates another notch.

Apart from the employment figures, the stockmarket focused on new developments in the JAL saga. A group led by Coniston Partners disclosed a 9.7 per cent stake in the airline group and said they would launch a proxy fight to unseat most of the board. The company's stock advanced by 1 1/2 to \$184 in heavy trading.

Another rumoured restructuring candidate, Chevron rose 3/4 to \$88 1/2 in active trading when its chairman said that he expected to enhance shareholder values as a result of various corporate strategies.

Great Northern Tobacco rose 3/4 to \$63 1/2 as arbitrageurs awaited further developments in the bid from Georgia Pacific.

Home Shipping Network was the busiest issue on the American Stock Exchange, rising 3/4 to \$4 1/2 after settling a legal dispute with GTE. Terms were not disclosed.

Apart from takeovers and special situations most of the activity was provided by bar-

gain hunting in the technology sector after Thursday's huge sell-off. Compaq, whose disappointing profits forecast had precipitated the decline, recovered 3/4 to \$89 1/2.

**Canada**

A STRONG early showing by gold stocks lifted Toronto slightly by mid-session in moderate volume of 31.5m shares. The composite index edged up 3.3 to 3,899.0, with advances outpacing declines by 374 to 213.

The gold index was up 115.56, or 1.7 per cent, at 6,885.94. The bond market was mixed, with the stronger-than-expected US October payroll figure, but the impact on equities was limited.

**SOUTH AFRICA**

A FIRMER bullion price lifted gold shares in Johannesburg sharply higher. Randfontein rose 2 1/2 to R25 and Vaal Reefs put on R25 to R390.

Sparkle fades from a falling star  
Michiyo Nakamoto in Tokyo on prospects for the NTT share price

IPPON Telegraph and Telephone, Japan's mammoth telecommunications company that fell from grace last year with the involvement of its former directors in the Recruit share sale scandal, is still very much in distress.

While the shock of the Recruit scandal is slowly receding, NTT is now having to fight calls for its own dismemberment.

In early October the Telecommunications Council, an advisory body to the Ministry of Posts and Telecommunications, presented a report proposing that NTT be broken into 12 separate companies. Last week, a senior government official said a break-up was in line with current trends and that the ruling Liberal Democratic Party hoped to present its policy on the matter by the end of the year.

Not surprisingly, NTT's more than 1.5m shareholders have been jittery about the prospects and the share price has taken a severe beating at each sign that the authorities are leaning in the direction of a break-up. Once the rising star that drew thousands of first-time investors to the Japanese market, NTT has subsequently defied predictions of how far it could fall.

The most recent plunge came on October 25 following remarks by Mr Hiroshi Mizuzuka, chairman of the policy affairs research council, sug-

gesting that the ruling party favoured a break-up. NTT slipped below ¥14m - widely regarded as its rock bottom resistance level - to close at ¥13.8m.

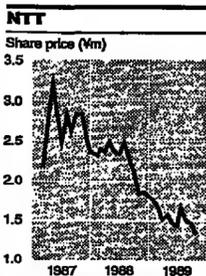
The next day a stream of selling by disgruntled investors left the share price at a record low of ¥13.5m - 58 per cent below its peak of ¥31.8m two years ago. On Thursday this week, before yesterday's holiday, it stirred enough interest to rise to ¥13.6m, only to close unchanged at ¥13.6m.

The prospects for a recovery do not look bright. It depends partly on what form the possible dismemberment takes. Mr Yoshihiko Yoshida, senior analyst at Yamaichi Securities, says: "Unless the question of NTT's break-up is determined in a way that is favourable to shareholders, there is no reason to think that (the price) will recover."

There has been no indication that shareholders' interests will play any significant part in the discussions. NTT's curse is that it was privatised by a finance ministry which had no intention of developing it as a private company, and that it is still majority-owned by that ministry while being under the auspices of the posts ministry.

The Ministry of Finance has ignored shareholders from the start," says Mr Yoshida.

Officials at NTT say they hope to increase profitability in order to boost the share price. But analysts say that



an equal in terms of capitalisation, size or assets. Some analysts now say that the price of ¥13.5m may not be quite that unreasonable.

With a price/earnings ratio of 95, NTT looks expensive against an average of 60 on the Tokyo Stock Exchange, says one analyst at a leading securities firm.

On the other hand, looking at its Q-ratio (share price divided by the net asset value per share) - a fashionable point of reference in the Tokyo market - ¥13.5m is a bargain; NTT's net asset value amounts to about ¥1.99m per share, largely because of its lucrative land holdings, notably in the capital itself.

Whichever valuation investors choose, the outcome will be closely watched by those involved in forthcoming issues of government shares in the recently privatised Japan Railways (JR) and Japan Tobacco.

However, while there is some concern that NTT has shattered the myth of the guaranteed government issue, a budding JR fever has already dispelled doubts about the success of the next issue.

"Japanese, being the way they are, will put NTT aside as a past incident and the JR issue will be quite popular," says Mr Yoshida. Its business is easy to understand and its management less bureaucratic. Indeed, if JR is listed, Mr Yoshida is sure that "NTT will completely lose its sparkle."

EUROPE

Trade slows in fog of uncertainty

LEADING Continental markets divided themselves in their uncertainty yesterday. Those which closed late had Wall Street to worry about; and those which went home earlier found reasons of their own, writes Our Markets Staff.

PARIS closed to Wall Street for guidance, following a narrow range on the initial reaction to the stronger than expected US employment figures and then recovering to end only slightly lower.

The CME 50 index closed at 455.02, off 2.54 points on the day but 2.4 per cent higher on the week, in volume thought to be similar to or below Thursday's FFr2.2bn. The CAC 40 real time index closed 12.54 weaker at 1,908.04.

The uncertain mood was blamed partly on a rise in short-term interest rates and partly on the absence of many fund managers who attended Wednesday's holiday to a long weekend.

Paris had another start performance, rising FFr4.50 to FFr7.50 as 2m shares changed hands. Foreign institutional investors were said to be buying aggressively.

LVMH reflected the confusion created by Thursday's court ruling on its 1987 bond warrants issue, the share price ending just FFr1 higher at FFr148.1 after rising FFr100 in low volume.

FRANKFURT recovered towards the end of its shorter

day, the DAX index closing 10.11 lower at 449.90, down 0.3 per cent on the week, against an early low of 1,441.81.

Volume rose a fraction, from DM2.9bn to DM3.3bn. At mid-session, the FAZ was down 7.25, and 1.1 per cent on the week, at 612.14. However, from talk of selling by disappointed foreign investors at the outset, traders were noting bargain-hunting at the close.

The big moves on the day were still made by the blue chips, again going down. BMW slipped DM15.50 to DM50.10 and Daimler-Benz lost DM8.50 to DM67.50 as the car makers, like steel companies before them, felt fears of cyclical swings in costs, demand and profit margins.

Munich, the intraday improvement was reflected by Schering, the chemical and drugs company which, after falling DM2 to DM689 at the outset, rebounded to close DM11 higher at DM712. Schering had room to improve, since speculation had taken it up to a 1989 high of DM824 in September.

A more recent speculative choice, the tyre company Continental, rose another DM3.50 to DM346 yesterday, running down 65 points in the past active list in volume of DM178m.

AMSTERDAM, like Paris, was more interested in Wall Street's reaction to the US statistics than the statistics themselves, closing off its lows as

New York recovered early losses. The CDS tendency index shed 1.7 to 177.1, closing the week almost unchanged, in low turnover worth Ff560m.

Against the trend, KLM recovered slightly from Thursday's Ff3 fall, adding 20 cents to Ff44.90. Wessman, the food group which plunged 16 per cent on Thursday after forecasting a fall in 1989 profits, said that the downturn would be temporary, and regained Ff1.30 to Ff3.50.

MILAN saw very thin trading. The Comit index ending 0.21 lower at 682.50, up 1.4 per cent on the week. The day was saved by speculative buying in the banking sector, where Nuovo Banco Ambrosiano rose L121 to L4,980.

Later, Italy's mutual funds confirmed a morning forecast from James Capel that the net outflow of investors' funds would not be worse than September's L288bn, as some pundits had expected. Indeed, it was a little better, at L244bn.

MADRID continued to suffer from uncertainty, and the general index fell 2.7 to 305.9, up marginally on the week.

Construction stocks, typically in the vanguard, saw the biggest falls, with Dragados down 65 points at 2,995, a net cent of per, and Asland losing 57 to 986. The sector, one of the main beneficiaries of the burgeoning economy, is particularly sensitive to suggestions of cutbacks in the 1990 budget,

said one analyst. Huarte, however, moved up 14 to 464.

BRUSSELS was mixed in trading dominated by Raffinerie Tielmannstois, which closed off FFr226 at FFr3,060 after the offer from Südzucker for its sugar refining activities. The cash market index rose 28.54 to close at 6,333.05, up 1 per cent on the week.

Groupa AG continued its speculative rebound, gaining FFr175 to FFr12,200. It was the third consecutive gain for AG, which commenced a week earlier when Mr Maurice Lippens, chairman, warned against betting on a takeover bid for the insurance company.

ZURICH finished a day of volatile trading and this volume with the Credit Suisse index 4.5 lower at 80.5, down 2.5 per cent on the week.

In the industrial sector, Brown Boveri, which had been a favourite of late, fell SFr86 to SFr9,900 on profit-taking.

OSLO closed mostly higher, the all-share index rising 1.57 to 489.86, a week's gain of 2 per cent.

STOCKHOLM ended in quiet trading before the holiday weekend. The AllShareindex General index eased 6.6 to 1,215.4, a fall of 1.3 per cent on the week.

MnDo free B shares rose SKr10 to SKr315 after the forest products company said that it would halt pulp production temporarily at one of its mills, to defend prices.

ASIA PACIFIC

Jump in gold saves the day for Australia

THERE was no particular geographic or ethnic pattern about Pacific Basin markets yesterday. But unlike Tokyo, barely changed for the second week running, and closed yesterday for a holiday, nearly all of them managed to chalk up a rise for the week, writes Our Markets Staff.

AUSTRALIA, once again, saw conflict between gold and industrial. This time, a US\$ jump in the gold price late on Thursday took the sector sub-index up 4.1 to 1,840.5, leaving the All Ordinaries up 4.6 on the day, and 2.2 per cent on the week, to 1,658.7.

Turnover was 126m shares and A\$220m, up from 94m and A\$174m. Western Mining was

the most heavily traded of the resource stocks, 2m shares changing hands as it jumped 14 cents to A\$5.98.

NEW ZEALAND fell away in the afternoon, and the Barclays index closed 15.01 lower at 2,114.06, up 1.4 per cent on the week. Turnover rose from 9.2 to 11.2m shares, and from NZ\$19.5m to NZ\$27.8m.

Air New Zealand slipped 1 cent to NZ\$2.79 as rumours persisted that Braniff plans to sell down its 35 per cent stake in the airline.

HONG KONG rebounded, with the Hang Seng index 27.98 higher at 2,789.79 for a 2.7 per cent rise on the week. Turnover stayed light, but rose from HK\$51m to HK\$748m.

Finance posted sharp gains, led by Hongkong Bank, which rose 10 cents to HK\$6.75 on continued speculation that it will reveal the size of its inner reserves as part of a move to merge with Midland Bank of the UK. In the market as a whole, attention has shifted to second and third-liners affected by other rumours.

SINGAPORE seemed to forget, temporarily, about the de-listing of Malaysian companies, to take effect by December 31. The Straits Times Industrial index closed lower in this trading, easing 5.39 to 1,330.79, still 0.9 per cent up on the week.

TAIWAN followed the pattern of the previous two days, opening firmer and surrender-

ing gains toward the close. The weighted index shed 79.23 to 10,560.24, 1.8 per cent higher on the week.

SEOUL recovered slightly, the composite index rising 1.84 to 877.18, down 0.7 per cent on the week.

MANILA, depressed by thousands of marchers demanding that the body of the former President, Ferdinand Marcos, be returned from Hawaii, saw a fall of 11.63 to 1,310.44, but the composite index still topped the week's charts with a rise of 3.7 per cent.

The pending absence of President Corason Aquino for a week-long visit to Canada and the US also kept participants on the selling side.

IFC EMERGING MARKETS INDICES

Market	No. of stocks	PRICE				TOTAL RETURN				
		September 1989	% Change	% Change on Dec 31 '88	September 1989	% Change	% Change on Dec 31 '88			
<b>Latin America</b>										
Argentina	(24)	551.4	95.16	210.39	0.1	95.16	11011.02	678.0	95.15	243.95
Brazil	(56)	117.8	7.75	27.46	135,690.7	46.08	557.27	172.9	7.67	50.10
Chile	(25)	251.0	4.55	1,073.0	1,073.0	21.81	357.2	172.9	5.54	23.59
Colombia	(21)	210.0	-4.32	-5.93	747.8	-1.21	15.35	380.0	-3.80	0.18
Mexico	(52)	588.8	8.95	69.51	7,810.8	8.13	87.41	782.2	6.96	74.46
Venezuela	(13)	79.7	0.80	-31.18	406.4	2.93	-29.22	95.1	-0.68	-29.36
<b>East Asia</b>										
South Korea	(61)	501.7	-2.72	4.07	405.1	-3.14	1.47	948.7	-2.61	7.82
Philippines	(15)	2,059.2	5.14	68.20	2,224.9	5.39	73.48	2,527.3	5.51	69.82
Taiwan, China	(62)	1,342.3	2.31	101.67	867.1	2.31	82.43	1,479.9	2.50	104.10
<b>South Asia</b>										
India	(60)	192.1	1.50	-4.18	256.5	1.50	5.99	228.2	1.87	-1.75
Malaysia	(62)	139.5	5.35	28.13	154.7	5.18	27.12	160.0	5.72	31.21
Pakistan	(50)	123.4	0.09	1.13	168.3	0.33	14.52	184.5	0.50	6.03
Thailand	(28)	326.3	1.30	49.52	309.9	0.99	53.02	654.9	12.24	81.54
<b>Europe/Middle East/Africa</b>										
Greece	(26)	294.3	-42.88	75.23	377.0	38.74	95.28	478.5	42.88	66.77
Jordan	(25)	89.7	-1.38	-8.76	142.5	-0.33	17.60	110.8	-1.98	-3.90
Nigeria	(15)	689.8	29.03	36.06	699.4	24.63	48.15	1,223.5	29.02	47.61
Portugal	(28)	189.8	60.21	214.99	558.9	63.13	289.14	1,350.8	84.03	370.27
Turkey	(18)	28.8	5.74	-8.74	282.4	2.62	28.00	42.3	8.00	2.51
Zimbabwe	(11)	532.5	0.79	9.24	783.3	0.14	24.34	884.0	2.58	20.81

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 2 1989				WEDNESDAY NOVEMBER 1 1989				DOLLAR INDEX			
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's Change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	
Australia (65)	149.37	+0.1	141.69	127.26	+0.2	5.20	149.14	138.77	128.97	160.41	128.25	148.07
Austria (18)	148.20	-0.9	140.49	142.27	+1.7	1.71	149.59	142.89	172.22	92.84	95.36	148.20
Belgium (63)	198.11	+0.6	138.52	132.52	+1.0	4.18	157.46	126.82	131.02	144.40	125.58	130.26
Canada (122)	148.92	-0.3	141.17	128.49	-0.4	3.26	149.35	189.89	126.96	154.17	124.67	121.75
Denmark (36)	211.14	-0.4	204.15	204.97	-0.1	1.53	211.91	188.80	208.05	219.89	185.32	147.83
Finland (25)	138.46	+0.8	112.01	111.39	+0.8	1.70	118.19	116.36	110.89	163.18	122.12	129.14
France (128)	182.02	-0.5	126.16	128.89	+0.1	2.90	132.70	124.36	128.74	138.94	112.57	109.82
West Germany (97)	94.96	-0.9	90.03	91.28	-0.4	2.25	95.84	89.92	91.58	103.84	78.56	65.28
Hong Kong (48)	114.54	0.4	108.57	109.20	+0.1	4.92	115.02	107.79	116.38	140.33	86.41	105.48
Ireland (17)	158.78	-0.5	148.80	133.66	+0.0	2.88	157.57	147.67	163.65	168.89	125.00	134.49
Italy (97)	87.90	+0.5	83.32	83.01	+1.1	2.57	87.43	81.94	88.05	88.73	74.97	85.06
Japan (455)	166.39	-0.7	173.74	169.34	-0.3	0.48	168.78	176.00	168.91	200.11	164.22	175.25
Malaysia (38)	184.62	+0.2	184.48	202.12	+0.1	2.82	184.20	191.87	201.87	200.22	143.33	151.48
Netherlands (43)	304.58	-1.0	288.73	272.83	+0.0	0.59	304.58	295.44	272.83	325.81	153.32	157.03
New Zealand (18)	124.96	-1.4	118.36	118.63	-0.8	4.48	126.83	118.67	119.86	131.72	110.63	110.40
Norway (24)	78.67	-0.5	72.66	69.41	-0.3	5.05	72.19	72.19	69.82	88.16	62.84	73.38
Sweden (28)	170.78	+0.7	161.58	160.85	+1.3	1.62	169.49	168.94	158.82	193.39	139.32	119.88
Singapore (50)	158.73	+0.2	148.57	141.46	+0.1	2.09	158.34	148.51	141.28	170.82	124.57	120.83
Spain (43)	159.49	-1.2	148.55	137.10	+0.4	4.09	156.49	148.82	136.53	180.24	115.36	118.18
Switzerland (35)	174.55	-0.6	165.36	165.18	+0.5	3.71	159.89	148.82	140.91	168.75	143.14	151.79
United Kingdom (308)	150.00	-1.4	150.82	130.82	-0.3	4.95	140.01	131.21	131.21	168.41	133.28	137.48
USA (546)	137.61	-0.8	130.35	137.51	-0.1	3.36	138.59	129.88	138.56	146.29	112.13	113.88
Europe (966)	122.24	-0.9	115.88	116.83	-0.1	3.59	123.36	115.61	116.98	132.95	112.63	114.39
Nordic (121)	168.90	+0.2	158.21	153.93	+0.5	1.85	168.55	158.09	158.15	178.39	137.95	128.23
Pacific Basin (668)	181.26	-0.7	171.82	164.80	-0.3	0.72	182.49	171.02	168.12	194.72	150.44	171.35
Euro-Pacific (1064)	157.71	0.2	148.51	145.49	+0.3	1.63	158.91	148.82	148.82	188.48	141.56	148.87
North America (868)	138.09	-0.7	130.91	136.83	-0.6	3.35	138.13	130.39	137.57	146.68	112.79	114.27
Europe Ex. UK (960)	111.61	-0.5	105.80	108.16	+0.0	2.88	112.21	105.16	108.17	118.51	96.30	99.78
Pacific Ex. Japan (213)	131.52											

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tallman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains done the previous day.

Corporation and County

Stocks No. of bargains included

Greater London Council 5% Deb 1992 - 137.40
Stratford 3% Deb 1992 - 137.40
Stratford 3% Deb 1992 - 137.40

UK Public Boards

No. of bargains included

Agricultural Mortgage Corp PLC 6% Deb 85-90 - 100.00
Agricultural Mortgage Corp PLC 6% Deb 85-90 - 100.00

Foreign Stocks, Bonds, etc.

(no. of bargains included)

Albany National Building Society 10% Deb 1998 (BIS0000000000) - 132.10
Albany National Building Society 10% Deb 1998 (BIS0000000000) - 132.10

Bank and Discount Companies

No. of bargains included

Australian & New Zealand Banking Group 5% Deb 2000 - 130.00
Australian & New Zealand Banking Group 5% Deb 2000 - 130.00

Breweries and Distilleries

No. of bargains included

Alfred Watson PLC 5% Deb 2000 - 130.00
Alfred Watson PLC 5% Deb 2000 - 130.00

Commercial, Industrial, etc.

No. of bargains included

A&W PLC 5% Deb 2000 - 130.00
A&W PLC 5% Deb 2000 - 130.00

Corporation Stocks - Foreign

No. of bargains included

Netherlands 10% Deb 2000 - 130.00
Netherlands 10% Deb 2000 - 130.00

Sterling Issues by Overseas Borrowers

No. of bargains included

Australian Government 10% Deb 2000 - 130.00
Australian Government 10% Deb 2000 - 130.00

3% Govt Lns Ls 2000 - 132.30
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LONDON STOCK EXCHANGE

Advance resumed but turnover poor

THE RECOVERY in the UK stock market was resumed yesterday but equity turnover stayed at a low level. Double digit gains in many of the blue chips were widely out of proportion to the business done. Marketmakers were merely moving prices about in order to avoid taking on stock, while the dearth of institutional interest left the agency brokers with little to do. Equity sentiment has been heartened by the steadiness of sterling in the week since the sudden change of Chancellors of the Exchequer in Mrs Thatcher's Government. While there are still fears that UK equities may have further to

advance, the recovery in the UK stock market was resumed yesterday but equity turnover stayed at a low level. Double digit gains in many of the blue chips were widely out of proportion to the business done. Marketmakers were merely moving prices about in order to avoid taking on stock, while the dearth of institutional interest left the agency brokers with little to do. Equity sentiment has been heartened by the steadiness of sterling in the week since the sudden change of Chancellors of the Exchequer in Mrs Thatcher's Government. While there are still fears that UK equities may have further to

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Table with columns: Index, Nov 3, Nov 2, Nov 1, Oct 31, Oct 30, Oct 29, High, Low, Since High, Since Low. Rows include Government Secs, Fixed Interest, Ordinary Shares, Gold Mines, FT-SE 100 Share, Ord. Yld, Earning Yld, P/E Ratio, SEAO Bargains, Equity Turnover, Shares Traded, Ordinary Shares Index.

Table with columns: Index, Nov 3, Nov 2, Nov 1, Oct 31, Oct 30, Oct 29, High, Low, Since High, Since Low. Rows include GILT EDGED ACTIVITY, FT-SE, Hourly changes, Trading Volume in Major Stocks.

Hillsdown against the trend

Hillsdown put in one of the worst performances of the day among FT-SE stocks as the market caught whiff of a profit-taking downswing on Monday. The company's joint broker Hoare Govett. The shares gave up an early gain of 2 to close at the day's lowest point, down 4 at 372p. Turnover was steady at just less than 1m shares.

mid-session which took prices sharply higher by the close. Dealers said that the sector was driven by the emergence of a short position among marketmakers. "Everyone was short and the appearance of a few buyers triggered a general panic." But analysts said that bank stocks had underperformed recently. "On average the banks underperformed the market by 10 per cent last month," said one, who added that the sector was now starting to pull up. "Given the way that insurers have performed recently banks could well be the next sector to make a decisive upward move."

emerged, SHV, which is thought to be privately owned Dutch group, increases its stake to 7.5 per cent, closed a net 15 up at 823p albeit in thin trading of only 568,000 shares. Color, where SHV has a 44 per cent stake and is thought by many dealers to be in the process of seeing Burmah take control, put on 6 to 429p on turnover of only 207,000 shares. Dealers pointed out that Citicorp Springour Vicker, the securities house said to be responsible for accumulating the SHV stake in Burmah, were again on the bid for much of the session.

FT-A All-Share Index 1250 1150 1050 950 850 750 650 550 450 350 250 150 50 0 Sep Oct Nov

shares touched a high yesterday of 794p, before closing a net 12 better at 790p. Turnover was a strong 1.1m shares. Official dealings in Euro Disneyland start on Monday and the when-issued form shares continued to race ahead. They advanced and other 32 to 875p, making a two day rise of 55. Dealers spoke of good two-way trade, although largely between brokers.

Table with columns: Stock, Value, Qty, Day's High, Day's Low, % Change. Rows include Astra, BAA, British Airways, British Telecom, etc.

BAA in demand

Recent interest in BAA, operator of British airports, on the back of Ford's effective takeover of Jaguar, continued to help the shares. Both UK companies had "Golden Shares" attached on privatisation intended to put-off would be predators. Dealers feel that the companies with golden shares, BAA is the more likely than many to become subject of a bid, not least because Bermuda-based conglomerate ADT revealed on Thursday that it had increased its stake in BAA to 5.56 per cent. BAA's price was also buoyed by a forecast of increased traffic, and the absence of sellers ahead of the interim figures, due on November 21.

Mr Robert Law, of the banks team at Shearson Lehman Hutton, said he was looking for "healthy underlying profits at the full-year stage, along with strong dividend growth for all the banks except Midland. He rated Barclays the prime investment - "it has the highest yield by far and is likely to show the strongest pre-tax profits growth for the full-year. Barclays and Lloyds rose 13 points to 478p and 376p respectively. Analysts expect a 13 to 30p and Midland 7 to 25p."

Enterprise Oil, which next week begins its high risk/reward drilling programme off the coast of Vietnam, and which, if successful could add from 60p to 150p a share to Enterprise, rose 4 m to 865p. LASMO, involved in a big international drilling programme, added 8 to 526p. The majors, BP and Shell, traded slightly ahead of the third quarter figures, which both companies are scheduled to announce on Thursday. Ultramar, reporting third quar-

ter numbers of November, and where there have been vague rumours of foreign stakebuilding, rose 7 to 384p. Century Oils dropped 6 to 134p after a profits warning. The excitement generated by Ford Motor's £1.6bn agreed bid for Jaguar encouraged demand for the other motor and kindred stocks. Turnover in Jaguar, a brick 5.3m shares, reflected further selling by arbitrageurs on both sides of the Atlantic as they accepted that there was virtually no likelihood of any further developments in the bid saga. Western Motor Holdings which fell to 475p as the plans by the bulk of the board of directors for a management buyout was abandoned, before rallying to close a net 187 down at 550p after a leading UK trading house rated the shares "a buy" after previously marking them "a speculative buy."

Among leisure stocks, television contractors put in a good performance. Granada led the way, rising 12 to 206p. Century Oils added 4 to 685p. Anglo added 4 to 236p while Thames ended 3 to the good at 474p. LWT, still suffering from the ambivalent comment engendered by its share restructuring plans, slipped a penny to 200p.

hands by the close, about the number Pembroke needed to gain control of the company. The telecoms issues made modest progress after the mobile communications conference held at the London office of securities house Kleinwort Benson. The conference, well received and well attended, according to dealers, was said to have highlighted the attractions of all the major telecoms groups. Racial Telecom slipped 4 to 318p, depressed by reports that the company is seeking to make acquisitions by issuing paper. But James Capel rate the shares a buy and say that the company is signing up new subscribers at a rate approaching 4,000 a week. The life assurances posted small gains across the board with sentiment given a small boost by confirmation of recent rumours that UAP, the French

group, had been back in the market to increase its holding in Sun Life. Yesterday UAP said it had bought a further 1.14m shares, or 1.87 per cent, in Sun Life, thereby increasing its holding to 24.59 per cent. Composite insurances were given a mauling at the outset of trading, after substantial profits downgrades by Kleinwort Benson and County NatWest WoodMac, but staged a good rally during the afternoon.

Mr Kevin Phillips, at Kleinwort, citing the damage wrought by Hurricane Hugo, the San Francisco earthquake and the probability of substantial UK claims arising from subsidence following the drought this year, cut his current year forecasts as follows: Commercial Union down from £169m to £125m, General Accident from £250m to £188m, Guardian Royal £213m to

NEW HIGHS AND LOWS FOR 1989

Table with columns: Index, High, Low. Rows include FT-SE 100, FT-SE All-Share, etc.

Table with columns: Index, High, Low. Rows include RISES AND FALLS, On Friday, On the week.

LEADERS AND LAGGARDS

Table with columns: Agency, % Change. Rows include Transport, Chemicals, Health & Household Products, etc.

Table with columns: Index, High, Low. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

Table with columns: Index, High, Low. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

WEEK IN THE MARKETS

Sugar climbs to 15-month high

THE SUGAR market adopted a higher profile this week as concern about Brazil's ability to meet export commitments lifted prices out of their recent narrow trading range. With reports of Soviet and Cuban supply problems also fueling the rise the London daily raw sugar price ended the week \$19.20 up at a 15-month high of \$34.50 a tonne. However, yesterday's LDP was inflated by a high-priced sale of a single cargo to Japan. "Brazil has become the focal point in a tight market which has been fairly dull," explained Mr Chris Pack of Czarmlow, the London trader. He said there was no doubt that Brazil was in considerable difficulties meeting both its internal and export obligations as domestic demand for both sugar and fuel ethanol ran away with the country's cane output. On the London coffee market prices responded to recurrent, but short-lived, bouts of optimism about the prospects for the reactivation of the International Coffee Organisation's price-stabilising export quota system, and the net result was an unchanged January futures position. Following last weekend's Pan American summit meeting in the Costa Rican capital of San Jose it was reported on

Monday that the presidents of Brazil, Colombia and several Central American producing countries had agreed on basic proposals for the resumption of the quota system, abandoned in July after an abortive attempt to renegotiate the International Coffee Agreement. But Brazil was quick to deny that it had any intention of allowing a reduction in its quota, as envisaged in the proposal. The January futures price had jumped \$28 to \$720 a tonne on the initial reports, but after Brazil's denial it fell back by \$20. Fresh optimism on prospects for the agreement surfaced in New York on Thursday, but London dealers described this as "baseless," and comments by Mr Jorge Cardenas, head of the Colombian Coffee Federation, appeared to confirm that the outlook was not hopeful. An appeal this week by the Ivory Coast for the London cocoa trade to help lift world prices appears, not surprisingly, to have fallen on deaf ears. After an exceptionally quiet week the March futures position finished about in the middle of its \$18 trading range at \$998 a tonne a tonne, down just 10 on the week. Mr Eonan Bisdou, chairman of the Ivorian National Finance Committee, told prominent

members of the trade on Tuesday that he was in London to look for a way to boost the price of cocoa, "which does little more than stagnate at around \$700 a tonne." And he made it clear that he held greedy buyers, rather than over-enthusiastic producers, responsible for this situation. "We all recognise," he said, "that at the end of the chain enormous profits are made. It is time that part of them is paid back (through a higher world price) to the producers." The main short-term concern in the market remains the threatened squeeze on supplies available for delivery against the December futures contract. Although the margin requirement on that contract was raised on Monday from \$200 to \$250 a tonne the December premium over the March contract widened from \$16 to \$30 a tonne over the week. Net uncovered positions on December futures - the number of 10 tonne lots of cocoa required to close out positions - totalled 18,140, the London Futures and Options Exchange (FOX) said. That represented a drop of over 1,000 lots in the week to Friday but was still worryingly large, traders said. On the London Metal

Exchange all base metals prices finished lower on the week. The biggest setback was cash tin's \$485 fall to \$7,176 a tonne, but that was after a \$40 rally from the 16-of-the-week low reached in mid-week. Traders explained that this small-volume market is dominated by a small group of operators who, having driven the price up earlier, now appeared to want a lower price. Copper's continuing decline was interrupted on Tuesday following a strike vote at Exxon's Disputada de las Condes Mining Company in Chile. But the downturn was resumed on Thursday when news that a stoppage had been averted at Disputada triggered renewed selling. The cash LME price closed last night at \$1,699 a tonne, down \$47 on the day and \$60 on the week. Traders said the zinc market was subject to bouts of short-covering prompted by concern about the tightness of supplies available for December delivery. But the cash price for special high grade zinc still ended \$80 down on the week at \$1,485 a tonne. Gold prices continued to rise meanwhile, reaching a four-month high of \$380.85 a troy ounce, up \$8.25 on the week. Richard Mooney

Carlton Communications held its ground at higher levels after, two days of rises on confirmation that it intends to sell its Cosworth Engineering engine maker. Carlton acquired Cosworth when it bought UEL for \$480m in May. In September Carlton sold one part of its UEL acquisition, Link Scientific, to Oxford Instruments in a deal worth more than \$50m. Analysts suggest that Cosworth may fetch more than \$200m. Carlton

APPOINTMENTS

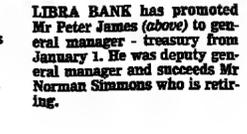
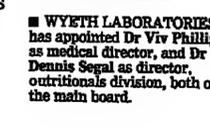
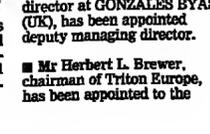
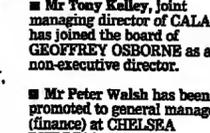
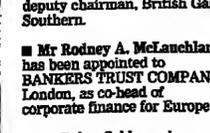
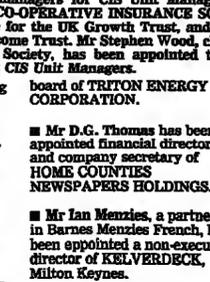
VPI Group changes

Mr Dale Fishburn, chief executive of UK and European operations at THE VPI GROUP, has been appointed to the board of the holding company. He will also take over the chairmanship of Valin Pollen International on December 1. From the same date Mr Richard Pollen, a non-executive director since last year, resigns from the board. Mr Simon Gardner has been promoted from marketing manager to marketing director at TOMY UK. Mr Royce Brennan has been appointed fund manager fixed interest and currencies at CANNON LINCOLN FUND MANAGERS. He was an assistant director of County NatWest Investment Management.

Head of swaps at BZW

BARCLAYS de ZOEETE WADD has appointed Mr Alan Wood as head of swaps. He was head of swaps in North America, where he is succeeded by Mr Paul White, head of swaps trading in New York. Mr Humphrey Percy, a deputy treasurer, becomes head of the European swaps team and global risk co-ordinator, based in London. NABARRO NATHANSON has appointed Mr John Heller as its first full-time managing partner. He has been with the firm since 1976, and a partner since 1982. PEARSON has appointed Mr Peter Cahwell as director, human resources. He joins from Standard Chartered Bank, where he was head of personnel, Asia/Pacific region, based in Hong Kong.

Mr David Coltart, marketing director, has been promoted to managing director of COOKSON GRAPHICS, succeeding Mr Michael Green, chief executive, who has resigned, but will remain a consultant until June 30, 1990. Mr Christopher Phillips, production director, becomes deputy managing director. Mr Alec Webster has been appointed chairman of BRITISH GAS WALES. He was deputy chairman, British Gas Southern. Mr Rodney A. McLaughlan has been appointed to BANKERS TRUST COMPANY, London, as co-head of corporate finance for Europe. Mr Brian Calder, sales director at GONZALES BYASS (UK), has been appointed deputy managing director. Mr Herbert L. Brewer, chairman of Triton Europe, has been appointed to the



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AUTHORISED UNIT TRUSTS

Unit Trust Name, Code, Price, etc.

Table of unit trusts including Abbey Unit Trust, Backmaster Management Co Ltd, Barrage Unit Trust, etc.

Table of unit trusts including Backmaster Management Co Ltd, Barrage Unit Trust, B & C Unit Trust, etc.

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GUIDE TO UNIT TRUST PRICING. INITIAL CHARGES, UNIT TRUST PRICES, etc.

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

INSURANCES

Table listing insurance companies and their unit trusts, including details like name, price, and yield.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts, including details like name, price, and yield.

INSURANCES (continued)

Continuation of insurance company and unit trust listings.

OTHER UK UNIT TRUSTS (continued)

Continuation of UK unit trust listings.

INSURANCES (continued)

Continuation of insurance company and unit trust listings.

OTHER UK UNIT TRUSTS (continued)

Continuation of UK unit trust listings.

INSURANCES (continued)

Continuation of insurance company and unit trust listings.

OTHER UK UNIT TRUSTS (continued)

Continuation of UK unit trust listings.

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Continued on next page

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OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

LOM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Price, and % Change.

LONDON SHARE SERVICE

Table of London Share Service listing various shares and funds with columns for Name, Price, and % Change.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails listing various international bonds and rail securities.

AMERICANS

Table of Americans listing various American securities and funds.

INT. BANK AND O/S

Table of International Bank and Overseas securities.

CORPORATION LOANS

Table of Corporation Loans listing various corporate debt instruments.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans listing various international debt instruments.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various international investment funds.

OFFSHORE INSURANCES

Table of Offshore Insurances listing various international insurance products.

UNIT TRUST

Table of Unit Trusts listing various domestic investment funds.

MONEY MARKET

Table of Money Market listing various short-term financial instruments.

Money Market Trust Funds

Table of Money Market Trust Funds listing various specialized investment funds.

Money Market Bank Accounts

Table of Money Market Bank Accounts listing various banking services and rates.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

AMERICANS - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

CANADIANS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

BANKS, HP & LEASING. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

BEERS, WINES & SPIRITS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

BUILDING, TIMBER, ROADS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

BUILDING, TIMBER, ROADS - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

CHEMICALS, PLASTICS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

DRAPERY AND STORES. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

DRAPERY AND STORES - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

DRAPERY AND STORES - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

ELECTRICALS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

ENGINEERING. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

ENGINEERING - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

ENGINEERING - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

FOOD, GROCERIES, ETC. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

HOTELS AND CATERERS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

INDUSTRIALS (Miscel.) Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

INDUSTRIALS (Miscel.) - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

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INSURANCES. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, etc.

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Table of share prices for Leisure sector including companies like British Skyways, British Airways, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising sector including companies like News International, Newsprint, and others.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like British Textiles, and others.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land sector including companies like British Land, and others.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like British Petroleum, and others.

MINES - Contd

Table of share prices for Mines sector including companies like British Coal, and others.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades sector including companies like British Aerospace, and others.

PROPERTY

Table of share prices for Property sector including companies like British Land, and others.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like British Land, and others.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like British Overseas Airways, and others.

PLANTATIONS

Table of share prices for Plantations sector including companies like British Overseas Airways, and others.

THIRD MARKET

Table of share prices for Third Market sector including companies like British Overseas Airways, and others.

Commercial Vehicles

Table of share prices for Commercial Vehicles sector including companies like British Leyland, and others.

Investment Trusts

Table of share prices for Investment Trusts sector including companies like British Land, and others.

Finance, Land, etc

Table of share prices for Finance, Land, etc sector including companies like British Land, and others.

Eastern Rand

Table of share prices for Eastern Rand sector including companies like British Overseas Airways, and others.

Far West Rand

Table of share prices for Far West Rand sector including companies like British Overseas Airways, and others.

O.F.S.

Table of share prices for O.F.S. sector including companies like British Overseas Airways, and others.

Garages and Distributors

Table of share prices for Garages and Distributors sector including companies like British Leyland, and others.

Central Rand

Table of share prices for Central Rand sector including companies like British Overseas Airways, and others.

Diagrams and Patterns

Table of share prices for Diagrams and Patterns sector including companies like British Overseas Airways, and others.

Central African

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Finance

Table of share prices for Finance sector including companies like British Land, and others.

Australians

Table of share prices for Australians sector including companies like British Overseas Airways, and others.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers sector including companies like News International, and others.

SHOES AND LEATHER

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OIL AND GAS

Table of share prices for Oil and Gas sector including companies like British Petroleum, and others.

Regional and Irish Stocks

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Traditional Options

Table of share prices for Traditional Options sector including companies like British Overseas Airways, and others.

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SOUTH AFRICANS

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## How the City put its house in order

**T**HIRTY YEARS ago this week saw the publication of *Notes on Amalgamations of British Businesses*, the City of London's first public attempt to control takeovers and an important step because it averted the intrusion of statutory regulation into City activities. Three decades later the inside story of the endeavours to save the City's reputation and its independence during the 1950s can be related for the first time.

Controversy over takeovers had begun in the early 1950s. In the wake of the Conservative election victory of 1951 and in the glow of the "bonfire of controls," there was a surge in mergers and acquisitions. A novel feature of this spate of company combinations was the "takeover bid," a contest for control between an incumbent board of directors and an unwelcome bidder.

There were several reasons for this rash of takeovers. The introduction to the *Notes on Amalgamations* explained that "a combination of abnormal circumstances, particularly the rapid fall in the value of money, the high level of taxation and distortion of normal economic factors through government action have tended to make amalgamation and acquisition more than usually attractive, since share prices in a number of instances (particularly where property values have been involved) have failed to reflect the current value of a company's underlying assets."

The other important factor was the absence of any controls on takeovers, save for minimal requirements of the Companies Acts and the legislation to prevent fraud. Of course, there were informal rules of gentlemanly good conduct, but these could be swept aside — so long as a bidder was prepared to put up with the ensuing opprobrium.

Charles Clore, self-made millionaire businessman and property developer, was one who was not.

Clore's bid for J. Searls & Co, the parent company of the high street shoe shops chain Freeman, Hardy and Willis, in the early months of 1953 was the first takeover to fill the headlines. Clore mounted his bid over the heads of the Searls board by mailing offer documents direct to shareholders. A tactic, hitherto impossible because of paper rationing. The astonished Searls board retaliated by announcing the tripling of the dividend. This was a futile miscalculation, for it vindicated the price which Clore had put upon the company and he soon secured control. "We never thought anything like this could happen to us" were the Partisan words of the outgoing Searls chairman.

The Searls episode led to an exchange of views among officials at the Bank of England and in Whitehall. They had considerable sympathy for the Searls board but thought anything like this could happen to us" were the Partisan words of the outgoing Searls chairman.

### Richard Roberts reveals how, 30 years ago, the City of London attempted to control the first rash of takeovers and stave off the threat of statutory regulation

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Paul Slater

means to do so was soon found. In December 1951, the Chancellor had issued a "request" to the clearing banks not to finance "speculation" in securities. On December 3 1953, the Governor of the Bank of England, Cameron Cobbold, reminded the banking and insurance industries of the Chancellor's request of two years earlier. This amounted to an extension of the definition of "speculation" to encompass the financing of hostile bids, a classic case of the Bank leading on City institutions to persuade them to behave in the way which it believed to be best.

The Governor's letter was intended to curb the funding of takeovers by insurance companies and foreign banks. Insurance companies played a significant role in financing several of the early bids through the purchase and leaseback of buildings. The *Daily Telegraph* obtained a copy of the letter and ran an article headlined "Insurance Companies warned by the Bank." This caused consternation to the chairman of the British Insurance Association, who protested to the Bank that his members were being unfairly blamed for the takeover surge.

American banks as sources of finance for recent controversial bids. A few days later, Cobbold received a letter which amounted to a remarkable collective supplication by the American banks in London, assuring him that they were "glad to co-operate and to be guided by the wishes which had been expressed."

There was another upsurge of takeovers in 1952, following the end of controls on bank credit. The convention which had applied during the 1950s, that takeovers inside the same industry were legitimate, whereas bids from outside constituted speculation, was soon flouted. Again, it was a bid by Clore which upset the status quo. In May 1952, Searls, whose activities were shoe retailing and engineering, launched a bid for the brewers, Watney Mann. The bid was resolutely rejected by Watneys, whose chairman dismissed it as "preposterous and deplorable."

The committee, which was referred to at the Bank as the Governor's Advisory Committee, reconvened on July 21 and accepted the terms of the Executive Committee of the Issuing House Association to form a working party to draw up a draft code of conduct for takeovers. Representatives of the other City institutions were appointed to this body which, henceforth, was known as the City Working Party.

Early in September, a general election was announced. City abuses figured prominently in the speeches of Labour politicians and the eruption of a City scandal in the middle of the campaign, the Jasper

seized upon the issue. They castigated "economic gang warfare that has no regard to the interest of the nation," and alleged that bidders were guilty of tax avoidance on a massive scale by converting potential profits into capital gains, which were then tax exempt.

At the end of June there was a debate on the issue in the Commons on an Opposition motion in which the attack was led by Harold Wilson, the shadow Chancellor. Labour lost the division but got the better of the argument. "Get hold of a copy of Hansard for June 29 and read Harold Wilson's speech," wrote Harold Wincott of the *Financial Times*. "It contains just about the only issues on which the Socialists could win an election these days."

The Watneys bid prompted senior officials at the Bank of England to review the Bank's takeover policy. "Some people think that they are simply acts of financial brigandage, while others see no reason why existing boards of directors should have their complacency undisturbed if they are not making full use of the resources of their company," wrote Leslie O'Brien, then the Chief Cashier, in a memorandum to the Governor about the bid.

Between the spring of 1953 and the summer of 1959 the Bank's own position shifted from foe to friend. "Developments since 1953," wrote O'Brien, "have tended to support the view that takeover bidders generally perform a useful function. Mr Clore, for example, appears to have improved the retail shoe trade of this country. Mr Fraser the Barkers group of shops. Neither they nor Mr Wolfson [creator of the Great Universal Stores retail empire] nor Mr Samuel have operated for short-term capital gain, as their critics alleged they would, and all have built up prosperous businesses and helped to develop assets more efficiently." What was needed now was not another way of stopping bids but a means of eliminating the undesirable aspects of takeovers.

In the days following the Parliamentary debate on takeovers, there arose in the City a serious and healthy discussion. This was a reflection of the developing political situation and the growing expectation of an autumn election. It was uncertain how the Labour Party intended to address the shortcomings of the Square Mile to which it had recently devoted so much attention, but legislation had often been mentioned, and there was the possibility of the establishment of a regulatory body along the lines of the US Securities and Exchange Commission. If the City wished to avoid statutory regulation, it was time to put its house in order.

On July 10 1959, at the initiative of the Governor, a meeting was held at the Bank of England to discuss takeovers which was attended by the chairmen or their deputies of the bodies which represented the securities, banking, insurance and investment management industries. The Governor told them that he believed that takeovers in 1952, following the end of controls on bank credit, were above retailing and engineering, launched a bid for the brewers, Watney Mann. The bid was resolutely rejected by Watneys, whose chairman dismissed it as "preposterous and deplorable."

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Affair, which involved takeover malpractice and the misuse of building society funds, led, in Cobbold's words, to a "song and dance about takeover bids." Yet so secretive were the deliberations of the City Working Party that no mention of its existence appeared in the press until mid-October, three months after the original meeting of the Advisory Committee. A fortnight later, the fruit of its labours was publicly unveiled.

The *Notes on Amalgamations* was an anonymous pamphlet which was available from the Secretary of the Issuing Houses Association, price 6d. Its eight pages comprised a brief history of amalgamations and acquisitions among British companies — the word "takeover" was deliberately not used, since it was considered to be pejorative — and lists of principles and procedures.

The four principles began with the statement that "there should be no interference with the free market in shares and securities," which might have been taken as a disavowal of the whole exercise. The others were laudable but vague assertions of shareholder rights. "There were a dozen recommendations regarding the conduct of bids, of which the most venturesome were those which expressed disapproval of partial bids and of the finance of takeovers by the issue of non-voting shares. The frequent use of such phrases as "it is generally desirable" or "as a general rule" provided grounds for opportunity to argue exemption.

"Not a word," said O'Brien, "was O'Brien's verdict. The financial press was rather more impressed than the Chief Cashier. "Encouraging and valuable," was the view of the *Financial Times*, while the *Economist* declared that it established "a code of practice for the conduct of bids. The problem that professional codes of practice were unenforceable was discussed in a leading article in the *Financial Times*. The formation of a Securities and Exchange Commission was considered but rejected as too "cumbersome and unwieldy." Instead, it was proposed that a small expert body be established to advise on the first public proposal of a body akin to the Takeover Panel.

The *Notes on Amalgamations* served as the City's guidelines for the conduct of takeovers until 1963. In that year, the City Working Party was reconvened in the wake of the outcry about the favour shown to institutional shareholders during the Richard Thomas & Baldwin bid for Whitehead Iron & Steel. Perhaps the imminence of another election was again a factor. A new document was produced, entitled *Revised Notes on Company Amalgamations and Mergers*, which took account of developments and adopted a more forthright stance on the equal treatment of all shareholders during bids. Once again, the term "takeover" was not allowed to sully its pages.

The City Working Party was reconvened yet again in the summer of 1967, following yet another upsurge of controversy over takeovers. This time it produced a rule book, entitled *The City Code on Takeovers and Mergers*, which defined proper practice for bids. To enforce compliance, a Panel on Takeovers and Mergers, a body with a full-time director-general and staff, was established in 1968. "This is our last chance before legislation," remarked one of the those responsible. The Code and the Panel remain the principal means of policing takeovers though there have been many further developments over the past two decades.

Dr Richard Roberts lectures in Economic History at the University of Sussex. He is currently writing a history of the merchant bank, Schroders.

## The Long View

### Shallow waters for H<sub>2</sub>O owners

IT'S ALMOST privatisation time again. This week the Government brushed aside the objections, published the pathfinder prospectus and pressed on with the quest for wider H<sub>2</sub>O ownership.

Well over 3m people have been asked for preferential treatment. But just where is the Government's campaign for popular capitalism going? Wider share ownership there may be, but it is also shallower share ownership.

Here are the Government's numbers. When the Conservative administration assumed power in 1979 there were fewer than 3m shareholders in Britain. But a joint Treasury/Stock Exchange survey early this year showed that 5m people owned shares, or a fifth of the adult population. Since then we have had the Abbey National flotation, which could have created some 3.5m new shareholders, only a minority of whom have yet sold out. Next comes the water industry flotation, which could add a few hundred thousand more.

This seems like a success story. Key ingredients have been privatisation (18 per cent of adults own privatised shares, 5 per cent only hold such stocks) and the drive towards employee share ownership.

Now look at the figures for the proportion of company equities directly owned by individuals. When Margaret Thatcher entered Downing Street ten years ago it was estimated at just over 30 per cent. Investment institutions,

regarded with suspicion by the incoming radical Tories as symbols of collectivism and the hated corporate state, held a little more than 50 per cent.

Despite all the Government's promotional zeal, private ownership has subsequently continued to shrink. The proportion is certainly now under 20 per cent, and I have seen an estimate as low as 12 per cent. Institutional ownership, meanwhile, has expanded to near 70 per cent.

The 1987 crash came as a severe jolt to the confidence of small investors. Since then the market has shown resilience, but the latest gyrations can only rekindle suspicions. In any case, 15 per cent interest rates make it more comfortable for UK investors to stay out of equities.

Which of the two statistical representations is right? The Government, like some struggling breakfast TV channel, is still chasing "reach," which for some political purposes may be indeed be justified. If people own shares, even one or two, their attitude towards capitalist business culture may be modified. Yet there need to be signs that the shareholding habit is growing. It emerged from last winter's survey, however, that 55 per cent of the 5m private investors held only one share. They dipped their toes in the water, but found it uncomfortably chilly.

The Government has also backtracked on personal equity plans. These started out in 1987 as vehicles almost entirely for directly-owned UK equities.



Barry Riles

The Government has played a numbers game with the wider share ownership statistics, but in a vital respect the trend is adverse

But as from this year half the money can go into unit trusts or investment trusts, and it can be assumed that most of the money subscribed will in fact be depersonalised in this way. Moreover, the departure of Nigel Lawson, who presided over the troubled launch of PEPs, casts a shadow over their future.

This flight from equities is not just a British phenomenon.

It can be seen in the US too, where private investors have been heavy net sellers of common stocks during the past five years. It is possible to see something of a vicious circle. When the stock markets become more institutionalised they become more dangerous places for small investors as professional fund managers play increasingly sophisticated global games on computers.

Stock exchanges then start wondering whether they should solicit small investor participation so as to diversify demand and supply and reduce volatility. But by that time, securities firms have lost the ability or willingness to handle small bargains economically.

In London, where 70 per cent of share holdings are still for private investors, although they represent only a small proportion in value terms, this is crystallising in arguments over the proposed electronic settlement system called Taurus. It was supposed to cut costs. But it had not been clearly understood that small shareholders have up to now been subsidised because of the willingness of companies to carry the costs of share registers. Now, a who-pays-for-what dispute could mean that Taurus will make life very expensive for the investor who wants to hold a few shares on his own account. He will tend to be pushed into administratively more convenient nominee accounts, but will thereby lose his identity.

Companies, however, are concerned at the replacement of generally loyal (and ignorant) small shareholders by fickle (but informed) professional fund managers: the Confederation of British Industry has set up a task force to find ways of encouraging personal shareholdings.

The securities industry and the corporate sector certainly need some fresh ideas. Is one of the problems that the Ordinary share is not a very suitable instrument for the private saver? At the least, it needs to be more effectively marketed. The privatisation experience shows that the amateur punter will clip a coupon in the newspaper, but will stumble at the next hurdle such as telephoning a stockbroker. Perhaps, in fact, companies would do better to reverse the usual practice — whether debt or preference shares.

As for the Government, it must accept that the trend towards institutional ownership is powerful and will only be reversed by substantial changes in the tax structure. The Treasury has only tinkered with this, for instance by capping pensions eligibility and introducing PEPs. Meanwhile, paradoxically, its decision to raise capital gains tax to a top rate of 40 per cent has driven many private investors into collectivised funds, where the tax can be deferred.

As the deluge of H<sub>2</sub>O publicity gathers strength it is time to pour cold water on some of the wider share ownership illusions. The Government must not be fooled by its own publicity.

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MARKETS

LONDON

# Crisis over — now the struggle begins

THE "business as usual" line which Margaret Thatcher, the Prime Minister, was extolling last weekend in the wake of Nigel Lawson's resignation as Chancellor of the Exchequer was taken quite literally in the City last week.

The crisis which seemed to loom over the markets last Sunday as the Prime Minister went on television to discuss the Chancellor's departure had by the close of trading on Friday wanted to become a political drama with an inconclusive end.

The markets welcomed the choice of John Major as the replacement Chancellor: his previous experience makes him appear more at home at the Treasury than when he was travelling foreign parts during his brief term as Foreign Secretary.

Major's honeymoon with the markets continued throughout the week. His statement to the House of Commons on Thursday that he would

pursue an "evolutionary" approach to Britain's entry to the European economic and monetary union, although vague, left the City with the hope that a more cohesive policy was at last being formulated.

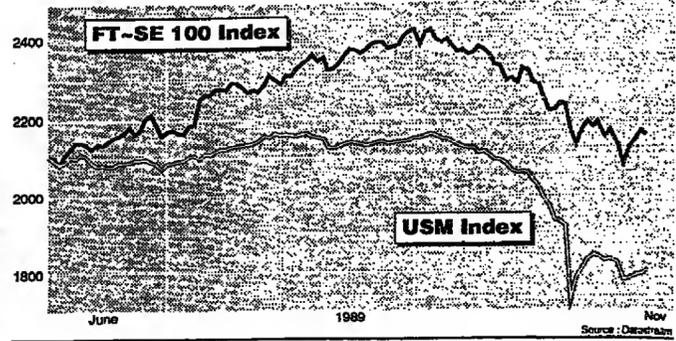
However, both the new and the old Chancellor seem agreed that 1990 is shaping up as a period of economic difficulty with a long struggle ahead to win the battle against inflation.

Sterling stood relatively firm against the dollar and the D-Mark, although the recovery in the D-Mark to DM2.902 left it well below the level prevailing immediately before Lawson resigned.

The equity market's strength was in part due to a reaction against the steady decline which took place during the four weeks preceding Lawson's decision to quit. The FT-SE 100 index recovered ground on all but one day to close the week up 31 points to 2173.1.

By the close of trading on Monday it was clear that the market believed that the worst of the fall-out from Lawson's departure had already descended: the index closed 30.1 higher at 2,112.2. This offset most of the 47.3 point fall which took place on the previous Friday as the first response to the resignation.

However, the idea that the Government is going through troubled waters is very unsettling to investors. This became clear on Thursday following a newspaper report which claimed that a government minister was about to be linked with a City insider trading ring. A strong denial of involvement by Cecil



FINANCE & THE FAMILY THIS WEEK

### The poll tax and you

The community charge — otherwise known as the poll tax — comes into effect next April. Sara Webb gives the answers to the most common questions about this radical reorganisation. Page III

### Take stock of traded options

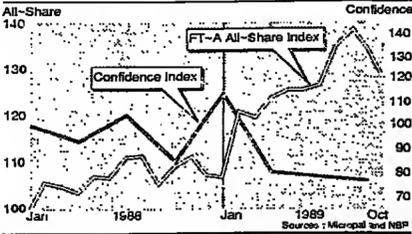
Jim McCallum looks at a way of hedging your investments through using traded options. Page V

### So you think you're protected...

Richard Waters reports on the collapse of an indemnity insurance scheme which was intended to protect investors who lost money as a result of a financial adviser's negligence. Plus Sara Webb on the growing importance of ethical investment schemes. Page VII

BRIEFCASE: A growing problem — Page VI

### NBP confidence index



### Pension fund managers go for liquidity

Leading pension fund managers have been switching into cash in recent months, according to research compiled by Ian Chalmers, investment director at financial intermediaries Newman, Biris & Partners (NBP). His research suggests that since the start of the year, fund managers have gradually invested a smaller portion of their portfolios in the UK stock market, reflecting a fall in confidence in equities.

Chalmers compiles a "confidence index" every quarter as a way of showing any major changes in personal pension managers' preference for the securities market as opposed to cash. A low index reflects high liquidity or cash percentages and indicates a relative lack of confidence in the stock market. The index is based on the average percentage of the total fund value which is held in cash by the dozen largest managed or mixed funds. It takes into account funds available to personal pension and retirement annuity policyholders rather than corporate or group pension schemes (and is not weighted).

Starting with a base of 100 in January 1988, the confidence index fell to 76.2 in the three months to the beginning of October 1989 (before the mini crash and Nigel Lawson's resignation). It had peaked at 114.5 at the start of 1989. According to Chalmers, the index fell slightly in the third quarter due to the "softening" of those fund managers with extreme views: "those (funds) with high cash holdings have reduced them, and those with low cash holdings have increased them."

For example, Allied Dunbar reduced liquidity from 14 per cent to 10 per cent; Sun Life from 11.8 per cent to 9 per cent; and Target from 11.3 per cent to 6.2 per cent in the third quarter. Conversely, Standard Life raised liquidity from 2.6 per cent to 4.4 per cent and Abbey Life from 3 per cent to 3.5 per cent. Legal & General, however, increased its cash holding from 10.1 per cent to 12.6 per cent.

Despite the current attractiveness of cash, Chalmers warns pension clients that it is dangerous to be out of the stock market in the long term given that "most of the growth in managed funds comes from investments in equities." Sara Webb

### Lloyd's compensation plan

Lloyd's of London insurance market announced this week that it plans to introduce a compensation scheme to protect its 31,000 individual members, or Names, against losses from fraud by their underwriting agent, up to a maximum of £50,000 a year. However, members will not be protected against negligence. The scheme, aimed at giving comfort to the members after a series of serious claims in the 1970s and early 1980s, will only come into play if losses cannot be made good through reinsurance or because the underwriter is insolvent. Claims up to a maximum total of £50m in a year will be met initially by Lloyd's, which will then recoup the first £16.5m from agents and obtain the balance through a levy on Names. The proposals come into effect from January 1 1990. Patrick Cockburn

### Money guidance on show

The Fifth London Money Show opened at Olympia on Thursday this week with a wider spread of investment interests than in previous years. It includes a Spanish Centre, Fine Arts & Antiques Centre, and Legal and Financial Advice Centre. There are also centres for Green and ethical investment; futures and options; property and mortgage; business start-ups; investment trusts; unit trusts; and independent financial advice. The Show, which was officially opened by Richard Branson, continues over the weekend. It is open from 10 am to 6 pm on Saturday and 11 am to 5 pm on Sunday. There is a £5 entrance charge. John Edwards

### Fillip for investment trust savings

Investment trust savings schemes are growing in popularity according to the Association of Investment Trust Companies. Latest figures show that nearly £25m worth of shares were bought through savings and investment schemes in the third quarter of this year, bringing the amount invested so far this year through these schemes to £45.4m. Eric Short

### HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2173.1	+31.0	2426.0	1782.6	Sterling steadier
BP	298	+12	326 1/2	249	Firm oil prices/IG3. Thurs.
Carlton Comms.	790	+72	858	662	Proposed sale of Coesworth
DRG	587	+22	619	414	OFT go-ahead for Cambridge bid
Fisons	336	+19	373	229	Transplant drug promise
Jaguar	328	+103	308	264	Agreed £1.5bn Ford bid
McCarthy & Stone	103	+29	407	72	Recent selling overdone
Marks & Spencer	192	+14 1/2	225	149	Interims ahead of forecasts
Micro Focus	386	+53	435	143	Analysts' trip to California
Premier Cons.	111 1/2	+10 1/2	117	58	Thailand drilling gets underway
RTZ Corp.	527	+48	590	404	Brokers' rec./firm metal prices
Redland	520	+41	638	415	BZW buy recommendation
Reed Int.	405	+38	471	345	Better than expected interims
Warburg (SG)	448	+44	485	277	Interim figures Nov. 22
Wellcome	677	+72	785	400	BZW series of seminars to investors

WITH ITS biennial October seizure now behind it, Wall Street is gradually returning to some semblance of stability. This process will greatly be helped by the curb on computerised programme trading announced on Thursday by the New York Stock Exchange.

Unfortunately, investors will be less reassured by another equally momentous development on Thursday in a frenetic sell-off which hammered every technology stock on Wall Street, International Business Machines, the biggest company in the US, fell to its lowest level since February 1983.

It seems an appropriate moment, therefore, to look back at some of the forces which set Wall Street up for its recent collapse and to ask whether they were merely transitory technical phenomena or the latest in a series of fundamental problems which could unfold into a full-scale bear market.

About a month ago, as the records were being swept away by a stampede to buy the shares of Coca-Cola, Procter & Gamble and Philip Morris, this column shifted from a guarded optimistic position to argue that the market seemed to be entering the "speculative blow-off" phase of its two-year ascent and that a "steep decline could be imminent."

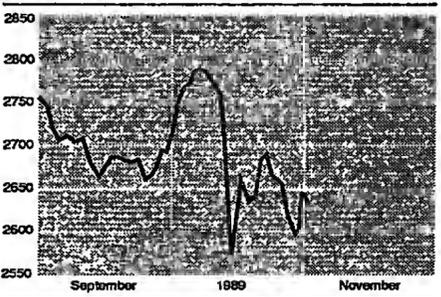
Of course, nobody expected the 200-point collapse which actually took place a week after this was written. But the growing divergence between the glamorous consumer growth stocks and takeover candidates on the one hand, and the unfashionable companies in America's technological and industrial heartland on the other, was clearly alarming.

It was, and is, alarming, both in its economic implications and from a narrower

WALL STREET

## IBM sounds a warning

### Dow Jones Industrial Averages



stock market standpoint. Economically, it is apparent that the US will be unable to close its trade deficit without a major redirection of activity and investment towards manufacturing and technology. This requires a relative increase in profitability for the sectors. On this score the stock market's recent performance and the latest quarterly results season carries a clear message: the structure of the US economy is evolving in precisely the opposite direction. As in the mid-1980s, the industrial sectors are now falling further behind the non-tradable service sectors in terms of profitability, output and employment.

One implication is that the dollar will have to fall considerably further to revive manufacturing industry. But whereas even a few months ago this might have been viewed as favourable for the stock market, boosting the investment and profitability in many industrial companies to new heights, a weaker dollar might now be less effective, since there are signs that investment decisions and business expectations in manufacturing companies have been revised downwards. This process could take months, if not years, of declining exchange rates to reverse.

But the divergence between the industrial and the non-cy-

lical companies on Wall Street has even more significant implications for the stock market itself. Throughout the last 12 months there have been three broad ways of looking at the market rally.

The first was that the crash of October 1987 had completed the purgative function of a traditional bear market after the presidential election in the autumn of 1988. The second was that the 1987 crash had merely been a freakish interruption in a very long bull market dating back to 1974. The third was that the bull market culminated in the peak two years ago, and that the rally has represented an unusually long recovery from the panic of Black Monday — a view which holders of IBM and other technology stocks would understand.

Only the first analysis is right, and Wall Street is still in the early stages of a new bull market, as stock prices likely to rise significantly above their recent peaks in the foreseeable future. Unfortunately, a new bull market is much more likely to be led by economically-sensitive cyclical issues than by the steady growth stocks, whose valuations are already at or above top of the market levels. This is why we have consistently argued that the market test of the likely longevity of the bull trend would lie in the ability of the industrial and technology stocks to take over the baton of market leadership in the past few weeks. Wall Street has clearly failed this test — and trouble could lie ahead for months, if not years, to come.

Monday	2693.48	+ 6.76
Tuesday	2645.06	+ 41.60
Wednesday	2645.90	+ 0.82
Thursday	2681.56	- 14.54

Anatole Kaletsky

It is not yet possible to work out exactly what the dividend yields will be, because the share price and the number of shares being sold in each company has not yet been revealed. But by looking at the amount each individual company expects to pay in the current year it is possible to make a guess as to the different yields they will provide, and about the varying sizes of the companies.

For example, according to Robert Giles of Laing & Cruckshank, on the basis of North West's notional net dividend payments of £55.9m, and an estimated yield of 8.5 per cent, the company would have a market capitalisation at issue of £658m.

However, for professionals as for private investors, the crucial questions will be the share price and the way in which the shares are divided between each company. For these they will have to wait till the publication of the final prospectus at the end of November. However, judging from the way the Government has structured the offer so far, the numbers are not likely to be ungenerous.

Clare Pearson

JUNIOR MARKETS

## Two cheers for a compromise

AN IGNOMINIOUS sell-out or a skilful compromise? Both views were possible after the USM exchange announced proposals for a drastic restructuring of the junior markets this week, but opinion generally veered towards the latter.

The changes amount to nothing less than the closure of the Third Market, a market which has existed for three years after its formation — and a major change to the entry requirements of the Unlisted Securities Market. From now on, eligibility for the USM will be secured by a two, rather than three-year, trading record.

To some extent, the Stock Exchange had its arm twisted into making these changes by the European Community. The EC has insisted that a company listed in one EC state should be eligible for listing in any other. Taken together with its edict that the minimum trading record required for a full listing should be three years, this made a rethink of the UK's three-tier system inevitable.

But even if the impetus for these changes came from Brussels, there was already some pressure to make changes to the Third Market, generally deemed to have been a flop. Its shortcomings can be inferred by the relatively disappointing number of recruits — 67 at present. This is usually blamed on the system whereby sponsors were responsible for regulating Third Market companies, which resulted in variable standards and higher costs than initially expected.

But it can be argued that the failure of the Third Market was largely one of image. Nick Oppenheim, chairman of Whitgate Leisure, one of the largest and most active companies on the Third Market, is entirely satisfied with the market. "The Third Market can do everything that the main market can do," he says. Jeff Gilbey, of Unit Group, concurs.

Its general perception has been poor, although we think it served its purpose very well in terms of fund-raising and greenfield operations.

Another possible concern

about the reorganisation of the junior markets is that it will leave a gap at the bottom end of the stock market. After all, one of the reasons for the formation of the Third Market was to absorb companies that were traded on the disreputable over-the-counter market. But the dangers of leaving very young companies out in the cold may be overstated. "I don't think that the Third Market has been sufficiently popular to think there is a welter of companies that will be locked out," says John East of Guidehouse Securities.

It is not clear that this wave of changes from the Third Market will be entirely welcomed by companies on the USM. Neville Buch, chairman of Blenheim Exhibitions, believes that it could have a severe impact on the image of the USM. "Anything that reduces the entry requirements will have a detrimental effect. We are a £200m company. I don't want to be associated with companies that are here today and gone tomorrow," he says.

Ray Mackie, a partner of Peat Marwick, the accountancy firm, draws attention to the risks entailed by letting start-up companies join the USM. He points to the generally poor record of start-ups in the early days of the USM which gave the market a bad name and resulted in new ventures being banished to the Third Market.

This kind of worry may prompt a number of the more mature USM companies to float a bill of around £50,000 and move up to the main market. However, the USM will continue to offer some substantial advantages. The flotation is slightly cheaper to arrange; companies have to release 10 per cent of their shares, rather than 25 per cent; and there are less stringent rules on acquisitions. This is still true, even though the rules on releasing information on acquisitions have now been amended for both fully listed and USM companies.

Vanessa Houlder

## A flotation for the customer

WITH THE publication yesterday of the weighty pathfinder prospectus, institutional investors must soon decide whether or not to apply for shares in the upcoming flotation of the water industry.

For private investors, who will see the document until after its publication in final form on November 22 — and then only a shortened version — yesterday was somewhat less momentous.

Nevertheless there were still plenty of messages for the public, and these were in line with the Government's policy that the water sale should be, more than any other of its privatisations, a customer's flotation.

Not surprisingly, given the Government's determination to spread investment as evenly as possible among the ten different companies, it is sparing no effort to make it worthwhile for individuals to "buy their own."

Yesterday's news for those people Chris Patten, Secretary of State for the Environment, chose to call Sid and Dorothy, was that up to one third of those shares available to the public — between a quarter and a half the total issue — will be set aside for preferential allocations for customers.

Previously announced inducements aimed at getting people to apply for shares in their local companies include customer discounts, which are worth around 8 per cent of an amount invested and are also available to a much wider net of individuals than similar discounts in previous issues.

These, as well as the size of the preferential allocation announced yesterday, are the most generous customers' incentives yet dreamed up for a privatisation issue.

The approach, so far, seems to be working. Yesterday it emerged that nearly 4m people had registered an interest, making it the third most popular privatisation in these terms yet. But since it has been made clear that, for the first time, it is necessary to pre-register to become eligible for all the incentives, the figure perhaps comes as less of a surprise.

Institutions, however, are not eligible for customer incentives. And they are also being asked to underwrite packages

### NOTIONAL DIVIDEND AND PROFIT FORECASTS FOR THE 10 WATER COMPANIES

COMPANY	Forecast profit (£m) (Yr to 31/3/90)	Actual profit (£m) (Yr to 31/3/89)	Net dividend Forecast (£m)
Anglian	136.0	139	45.2
Northumbrian	59.3	62	10.5
North West	172.0	174	55.9
Sovran Trent	208.0	192	52.5
Southern	61.0	63	24.6
South West	82.0	78	21.3
Thames	178.0	187	58.0
Welsh	93.0	94	24.2
Wessex	54.5	58	15.6
Yorkshire	96.0	113	30.3
TOTAL	1150.8	1191	338.1

All profit figures assume new capital structure was established in April 1988, and are adjusted to include new infrastructure accounting and transfer of activities to National Rivers Authority. Forecast net dividend figures assume flotation took place in April 1990. Source: Laing & Cruckshank

comprising shares in all ten companies. The key question that they will be addressing is which shares should they invest in after the packages can be broken up — which will happen when dealings start at the beginning of December. Information in the pathfinder, which devotes around 50 pages to each company, will form the basis of their thinking.

In terms of financial information, the key revelations contained in the pathfinder are the dividend and profit forecasts for the ten businesses for

FINANCE & THE FAMILY

Who has to pay? How much will it cost? What if I have two homes? Sara Webb provides answers to community charge questions

# Poll tax and you . . .

AN ESTIMATED 57m people should by now have registered for the community charge - otherwise known as the poll tax. The charge comes into force in England and Wales on April 1, 1990, and replaces the domestic rates (property tax) paid currently by about 15m people.

There has been considerable opposition to the community charge. Many claim that it is unfair and that the legislation as it stands is full of grey areas which will only become clearer when cases are taken to court to sort out the confusion. Here is a beginner's question-and-answer guide to the poll tax.

■ **There seem to be several different categories of the poll tax. What are they?**

□ The personal charge is what everyone over the age of 18 is supposed to pay to the local authority in which they have their sole or main residence.

As well as the personal charge, you may have to pay a standard charge on other homes which you own or rent. The standard charge is the personal charge multiplied by a factor of between 0 and 2. The multiplier will be set by the authority in which you live and will therefore vary from one authority to another.

The collective community charge applies to buildings occupied by people who move around frequently and are, therefore, difficult to register in the normal way - hostels, for example. For someone staying in a hostel, there will be a special bill for the community charge. The landlord pays his own charge and will come to an agreement with the authority over the average occupancy in order to collect a weekly collective charge. This will be readjusted later to take into account the actual occupancy.

■ **Why is the ceiling that a local authority can charge for so low?**

□ The ceiling is set by the level of the personal charge. I would be very interested to know why this was decided, as by definition a second home is

live somewhere for it to be counted as your residence?

□ There is no minimum residence limit. If you only have one home, the place where you live is regarded as your main residence. If you move from one area to another, you have to register with the new local authority and then you pay your community charge in proportion to the number of days you spend in each area.

■ **If one moves - say to a cheaper poll tax area - before the end of the charging year, can one ask for a poll tax rebate (for example, people leaving the country)?**

□ Likewise, would one have to pay a part of the annual poll tax (or the whole of it) at one's new home if moving into an area before the end of a charging period?

□ Yes, you will be charged in proportion to your length of stay in a particular area. But you have to notify the local authority which you are leaving and the one in which you are taking up residence.

■ **I am a 'responsible' object on principle to the poll tax and intend to avoid it. What will happen?**

□ If you refuse to register you will be liable to a fine of up to £50 first time around (this is discretionary, so the authority could be lenient, if, for example, you have been in a mental institution or under family stress).

■ **What about Ingrid, my Swedish partner - do I have to pay for her, too? If I don't, is there any way the authorities can check up on her existence?**

□ As a 'responsible individual,' you would be expected to register Ingrid if she is normally resident in the UK. If she



Community Charge Officer. Otherwise a civil penalty of £50 can be imposed.

■ **How can the authorities catch up with me?**

□ The authorities can cross-reference the register with the rates records and the electoral register, so those who do not pay can be checked. The local authorities also have the right to ask neighbours for names of residents who do not register: there are worries that this could encourage people to spy on their neighbours since anyone who doesn't register is creating a larger bill for everyone else in the area.

■ **What about Ingrid, my Swedish partner - do I have to pay for her, too? If I don't, is there any way the authorities can check up on her existence?**

□ As a 'responsible individual,' you would be expected to register Ingrid if she is normally resident in the UK. If she

between people in the same house, dates of birth, telephone numbers, the ratepayers' previous addresses and proposed method of payment.

You can inspect your entry on the register - authorities have to send out a notice of entry soon, saying what is on the register.

■ **Can I remain anonymous?**

□ Yes. You can have your name removed from the public register if, for example, you have written an inflammatory novel and received death threats, or you are a single woman or you have served in the armed forces in Northern Ireland, or you have done jury service and been threatened. Simply write to your local poll tax office and ask to have your name and address taken off the public register.

■ **What are the legal loopholes? If I am married and have a house in London and in the country, will it be possible to escape paying the tax twice by me registering one house as my permanent residence and my wife registering the other as hers?**

□ If a person states that he or she is living at the second property when that is not the case, it is a criminal offence and the person may be prosecuted.

■ **Can I appeal or have the payment reviewed if I think it is too much?**

□ You can appeal over your inclusion on the register and about the imposition of a penalty. You cannot appeal against the level of the poll tax itself. However, if you think you are being charged too much or are eligible for exemption, you should write to the council.

■ **I own a second home - a flat - which is not let but is used by myself and friends. I discover that although the flat is vacant much of the year, the**

poll tax assessment treats the property as if it were occupied by two adults, and I have to pay more than twice the former rates. Is the assessment correct? Can I appeal?

□ You have to pay the standard community charge set by the authority on a second home; the sum is not based on how long your flat is occupied.

■ **I am a student. Do I have to register at my term time residence or my vacation residence (my parents' house)?**

□ Full-time students are expected to register at their term-time address and pay 20 per cent of the personal community charge for the period during which they are undertaking a full-time course of education. If their parents register them at the vacation address (where they might be staying during the holidays), they should state on the form that they have registered at the term-time address too so that the charge is not levied twice.

■ **How should I pay?**

□ Some authorities are considering the possibility of discounts as incentives for prompt, lump sum payment or direct debit payment (the latter is regarded as the most efficient and cost-effective method of collecting regular instalment payments from residents). Plastic card payment may also be possible, and some councils will operate "hole-in-the-wall" machines for direct payment. You may be able to choose between weekly, monthly, half-yearly or annual billing.

■ **What if I cannot occupy my house for a few months because it is being rebuilt, or is unsafe to inhabit. I'm staying with my relatives - do I have to register with them now?**

□ This area needs clarification. If the building is unusable it could be argued that it is no longer your main residence while construction work is taking place.

■ **What if you are moving out and leave the house empty - do you still have to pay?**

□ There is a three-month charge-free period for people who move out and leave the property unoccupied. The council can extend this period at its discretion.

■ **What if I live in a tied cottage or house - who pays the poll tax?**

□ If the landlord normally pays the rates, obviously he will no longer have to do so; the tenant will have to pay his or her own poll tax. You could try asking for a pay increase to cover the poll tax, although the landlord wouldn't be obliged to grant this. A tenant who is reimbursed for the poll tax payment would have to pay income tax on it.

■ **I live in rented accommodation. Will my landlord reduce my rent or pay my poll tax for me?**

□ If rates are identified separately from the rent, the rates part should disappear entirely and you would have to pay the poll tax instead. If rates are not specified, you could ask the landlord for a reduction in the rent; he would not be obliged to grant it. If you have not entered into a rental agreement yet, take the poll tax into account when fixing the rent at the outset.

■ **As a landlord, should one declare shorthold or company-let tenants as occupants of the property? Does this give them any increased security of tenure?**

□ If the people in occupation are those who signed the tenancy agreement, declaring tenants would not jeopardise the landlord's position. With a company let it is important that the occupiers really are company employees.

■ **What happens if, for community charge purposes, I designate the house I live in (which is a rented accommodation) as my main home, but designate my house in Yorkshire, which I own, as my main home for capital gains tax purposes?**

□ That is fine. For CGT purposes you can elect whichever home you like.

## John Edwards on rising investment rates Xtra from Halifax

AFTER THE fixed-rate mortgage, the Halifax Building Society is now offering fixed-rate savings. Called the Monthly Income Xtra account, it guarantees to pay a specified amount of regular monthly income at an interest rate fixed over a 12-month period.

The initial rate will be 10.5 per cent net when the account is launched on Monday, but after that the rate for new accounts will vary in accordance with movements in the wholesale market. The minimum investment is £2,000 and the maximum is £50,000. However, you can invest more simply by opening new accounts. You have to keep your money in the account for the whole year to qualify for the guaranteed rate, but there is provision for early closure of the account with the loss of 60 days' interest.

Jim Birrell, Halifax's chief executive, stressed that this was not just another "limited issue" account. He said it was a long-term addition to their range of products and was designed to appeal in particular to retired investors, who relied on their deposits for risk-free income.

He said that after the severe fluctuations in interest rates over the past two years the message had come over "loud and clear" that some customers wanted to have more certainty over their incomes, so that they could budget their cash.

The interest rate on the Halifax account is by no means the highest available, following a general round of increases in savings accounts as a result of the latest base rate rise a month ago. But it is fixed for 12 months and if you want higher income straight away and think that interest rates have reached their peak.

However, it is worth shopping around, since virtually all the banks and building societies have now raised their deposit interest rates.

Bristol & West Building Society, for example, launched this weekend an interest-secured bond that guarantees the interest paid on deposits of £5,000 or more will not fall below 11.5 per cent net up until April 30 next year. The special attraction is that the rate can still go up if there is another rise in the base rate after the middle of November.

There are quite a few other bonds offering fixed returns. The rate on Midland Bank's deposit bond has been raised so that it pays fixed interest of 11.25 per cent for six-month deposits and 11 per cent for 12 months. However, if monthly interest is paid the rates drop by 1 per cent.

Britannia Building Society has a one-year account paying 11.25 per cent for balances over £25,000 and 11.6 per cent for

over £40,000.

Edwards & Bingley guarantees that the interest rate on its Maximiser Elite account will be at least 4.75 per cent above its new ordinary account rate of 6.75 per cent until October 31 next year. If you leave £10,000 in the account until November 1990 the compounded annual rate goes up to 12.08 per cent.

Confederation Bank, which was launched last May, has raised the rate on its monthly income account to 11.25 per cent, which is equivalent to a compounded annual rate of 11.85 per cent.

Regency Life, the UK arm of the Transamerica life group, has introduced a two-year guaranteed income bond that pays 10.85 per cent for investments over £10,000 and 10.45 per cent for investments over £1,000. It has also put up the rates for five-year bonds to 9.7 per cent for deposits of £1,000 and 10 per cent for over £10,000.

### Boost for National Savings

THE UK Government has finally given into pressure for a rise in interest rates on National Savings products to reflect the increase in base rates. The rate on the investment account will go up from 10.75 to 11.75 per cent gross, with effect from November 17.

The interest rates on Income Bonds and Deposit Bonds will also go up by 1 percentage point, from 11.5 to 12.5 per cent, but not until December 17 because six weeks' notice is required for any change to be made.

There are no changes for the other National Savings products, notably the fixed-interest certificates and Capital Bonds, which have to be held for five

years but are currently not offering competitive rates.

National Savings also announced yesterday that, with effect from January 1, it is drastically cutting the maximum amount that can be held in the investment account and income bonds from £100,000 to £25,000.

The official reason for this reduction is that National Savings is targeting non-taxpayers as the main buyers of its products, and it is unlikely that anyone with £100,000 would be a non-taxpayer. Unofficially it seems more in line with National Savings policy to discourage investors, since the Government no longer needs its services in raising funds.

## Wooing the borrowers

MORTGAGE lenders are doing their best to play down the prospect of higher interest rates by introducing a series of special offers, mainly for new borrowers or first-time buyers.

National Westminster Bank, for example, while putting its rate up to 14.5 per cent (equivalent to an annual percentage rate of 15.7 per cent) announced that £200m had been put aside for a mortgage with an interest rate of 13.4 per cent fixed until January 1992.

It also reduced the minimum level for its flexible mortgage scheme from £75,000 to £50,000. Under the flexible scheme, which is available to both new and existing endowment and pension mortgage borrowers, you can reduce repayments to 75 per cent of individual months, for up to 60 individual months.

TSB is raising its standard rate to 14.5 per cent (15.9 per cent APR) for existing borrowers from November 24, but is offering first-time buyers a one-point discount on endowment mortgages for the first year. It is giving a 0.55 per cent

discount for new borrowers on endowment mortgages for six months. Also on offer is a three-year fixed-rate loan at 13.5 per cent (14.5 per cent APR), including a £100 arrangement fee.

Girobank has moved its standard rate up to 14.5 per cent (15.95 per cent for loans over £50,000), but is offering a three-year fixed rate mortgage at 12.95 per cent plus a £100 arrangement fee.

Alliance & Leicester Building Society is, rather unusually, offering a two-year fixed-rate mortgage at 13.5 per cent, a point below its new standard rate. There is a low minimum of £20,000, and you can borrow up to 2.75 times your salary. However, you have to take out an endowment or pension mortgage to qualify.

Leamington Spa Building Society has acquired United Mortgage Corporation (UMC), the off-balance sheet lending company it established last year in conjunction with Barclays. It is increasing the lending rate on the Premier Mort-

gage, funded by wholesale money through UMC, by only 0.5 per cent to 13.95 per cent.

Other lenders increasing their rates well above 15 per cent include the specialist companies Household Mortgage Corporation and the Mortgage Corporation. Highlighting the pressure put on these types of lenders in present market conditions, Household Mortgage's standard rate has gone up to 15.85 per cent (16.8 per cent APR) and the rate on its First Homes National Scheme, which provides 100 per cent loans to help first-time buyers, is now 15.95 per cent (17.2 per cent APR). The Mortgage Corporation's standard rate is up by 0.5 per cent to 15.95 per cent (16.9 per cent APR).

BNP Mortgages, which claims to be one of the largest centralised lenders, has raised its standard rate to 15.75 per cent (16.9 per cent APR), but is offering a two-year fixed-rate mortgage at 13.65 per cent.

## MIM BRITANNIA TAXHAVEN FROM THE PEP EXPERTS

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FINANCE & THE FAMILY

THE WEEK AHEAD

Harder times for oil majors

THE SHARES of British Petroleum and Shell Transport & Trading have done better recently than the rest of the stock market because they are seen as defensive in the face of a weak UK economy, but their third quarter results, due next Thursday, are expected to be disappointing.

Higher oil prices and a stronger dollar won't be enough in BP's case to compensate for lower production, higher tax charges and the absence of a boost last year from asset disposals. Shell, on the other hand, should see a nice improvement upstream from rising production and higher prices.

A downturn in refining and marketing as well as chemicals margins will hit both companies. This will look even worse in BP's case because of special factors that lifted profits in the second quarter. The downturn in this sector has been well

flagged by the US oil companies, which have already reported their results.

BP is expected to earn about £250m net on a replacement cost basis, which nets out inventory losses and gains, compared with £402m in the third quarter of last year. Estimates for Shell's earnings range widely around £800m, compared with £875m last year.

With 85 per cent of earnings coming from outside the UK, the weakness of sterling should help Unilever to strong third quarter results next Friday.

Analysts are looking for up to £431m at the pre-tax level, an 11 per cent increase on the previous period's £388m. Unilever's dividend is payable post the third quarter result and it is expected to be followed by the interim dividend should be about 4½p and the NV dividend around 1.36p gross.

Unlike many of its UK competitors, Unilever's food business is unlikely to have been affected by the salmonella and listeria scares. Ice cream sales, which did well last year both in the UK and on the Continent, should show a sizzling performance.

Associated British Foods, Garry Weston's milling and baking group, is expected to turn in interim profits of about £100m on Monday, compared with £92.3m last time.

Analysts have noted the company's fairly encouraging remarks at its June agm, at which it forecast a 18 per cent increase in the interim dividend, and point to the potential benefits of new investment on the milling and baking side coming on stream.

The Gateway stake has also been cashed in via the Isoco bid, which should boost interest earned.

There will be a marked difference between the interim results of J Sainsbury, the food retailer, on Wednesday, and those of Storehouse, Sir Terence Conran's B&S to Habitat group, on Thursday.

Sainsbury has been in the habit of announcing profits up by 20 per cent but these figures, for the half year to September 30, may just miss that target. Analysts are looking for £220m against £186.4m, a gain of 18 per cent. The food chain should continue its usual growth.

However, Homebase, the do-it-yourself chain, is unlikely to have escaped problems elsewhere in the sector and the non-food side of Savacentre, now wholly-owned by Sainsbury, will probably have seen dull sales.

Storehouse has far more difficult problems and analysts are predicting a pre-tax number either side of zero, against £23.3m last time. More important will be the dividend, which the share price is indicating will be cut this year, if not this half year.

Trading in the furniture division in the UK will no doubt have suffered with the rest of the sector, while profits from B&S are expected to be sharply down too.

The only bright spot in the UK is Richards, the women's fashion chain. The sale of Storecard, Storehouse's in-house credit card, will at least take its losses out of the pre-tax figure.

Two of the late 1980s wave of niche retailers also report new wins. Although Body Shop International, the cosmetics chain, is expected to dispense yet another set of healthy figures on Thursday, it will be difficult to be precise about the interim improvement because of the changes in the group.

In announcing a pre-tax profit of £15.2m for the 17 months to February 28 the company gave an unaudited 12-month figure of £11.2m, but the detail did not run to what the interim might have been.

That said, the forecast result of between £5m and £6m for the six months to August 31 should mark considerable progress, for it will have been achieved in spite of a number of negative factors. First, there have been start-up costs from

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COMPANY NEWS SUMMARY

Company	Value of bid for shares**	Market price**	Price before bid	Value of bid £m**	Bidder
Armstrong Eq	187	177	178	85.80	Coparo Inds.
Broadland Coman	5307	913	943	11.72	G'dian Man.News
Caradon	32095	519	488	325.42	MB Group
Coombes Bros.	470*	477	477	301.25	Orkem
DRG	590	589	595	897.20	Pennbridge Inds.
Highland Pictgrs.	229*	187	156	72.50	Corneill Tat
ITL Info. Tech.	42	41	25	13.04	Apricot Comp.
Jaguar	850*	827	747	1.6bn	Ford
MIL Research	295	292	288	33.2	MAI
Ment Travel	350*	353	350	9.18	Twiggelm
North (James)	280*	274	202	77.76	Markotter
Pearl Group	605*	538	552	1.1bn	AMP
Ross Catharall	253*	244	181	95.58	Vickers
Sinclair	645*	640	430	25.1	Fuchs Petrolub
Toothill (R.N.)	675*	685	650	4.72	Adamas Inds.
Uth. Scientific	113	122	147	63.09	Meggitt

\*All cash offer. \*\*Cash alternative. †Partial bid. ‡For capital not already held. ††Unconditional. †††Based on 2.30pm prices 3/11/89. †††A suspension. †††Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Aberdeen	Aug/89	4,820 L	(10.18)	(-)
AC Holdings	June	1,480	(1.10)	5.3 (5.1) 2.0 (1.83)
Ashley Group	Aug/89	5,900	(118)	6.84 (6.61) 1.25 (-)
Bellon Group	Apr	538 L	(574 L)	(-)
Bridport-Gundry	July	1,040	(870)	5.78 (5.05) 7.0 (7.0)
BRG Assets Trst	Sept	13,800†	(11,750†)	3.56 (3.01) 3.3 (2.7)
Chrysalis Invest.	Sept	419†	(249†)	3.11 (1.85) 3.1 (2.75)
Fenner JH Hldgs.	Sept	13,310	(10,720)	20.3 (18.9) 8.1 (7.5)
Fundinvest	Sept	1,290†	(1,130†)	11.0 (9.57) 11.01 (9.59)
GC Flooring	June	478 L	(214)	(1.38) 2.0 (2.0)
Infri City Hldgs	June	830 L	(1,040)	(1.5)
Keystone Invest	Sept	2,060	(1,930)	11.0 (10.3) 10.0 (8.5)
Law William	Sept	17,700	(11,550)	22.3 (17.8) 6.5 (5.67)
MAI Computing	Aug	2,150	(1,850)	12.8 (10.1) 2.45 (1.7)
MY Holdings	Aug/89	631 L	(3,810)	(8.31) 0.55 (2.05)
Piarrigan Hldgs.	Jun/89	423	(208 L)	4.08 (-) 0.75 (-)
Smart J & Co.	July	3,140	(2,010)	20.7 (32.7) 6.4 (5.8)
Solar Computer	July	830 L	(1,210)	(1.5)
UJO Holdings	July	7,880	(8,210)	18.2 (14.7) 3.4 (2.43)
Unigroup	June	1,190	(276)	1.83 (0.16) (-)
Video Tape Rec.	Aug	1,250	(926)	11.0 (9.0) 3.0 (2.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Alpine Group	June*	782 L	(435 L)
Apricot Computers	Sept	2,020	(4,150)
Aran Energy	June*	303 L	(474)
Aviva Petroleum	June*	297	(1,320 L)
Bear Brand	June	11	(188)
Bertam Holdings	June	580	(1,590)
Bradford Property	Oct	8,120	(12,550)
British Borneo Pet	Sept	1,800	(843)
British Island Air	June	4,900 L	(778 L)
Burtonwood Brewery	Sept	2,822	(2,077)
Cambridge Instrument	Sept	2,510	(2,230)
Channel Tunnel Inv.	June	1,200	(5)
Chelsea Artisans	June	395 L	(17)
Clayton Son & Co.	June	115	(167)
Cook William	June	230	(1,530)
Craig & Rose	June	40	(38)
Crown Eyeglass	Sept	174	(58)
Davenport Knitwear	July	78	(414)
Delny Packaging	June	305	(348)
Deputy House	July	297	(11 L)
Ecclesiastical	Aug	4,020	(4,240)
England J Group	July	192 L	(41)
Erg Group	June	437 L	(628)
Falson & Agency	June	243	(335)
Ferguson Industrial	Aug	6,250	(5,840)
Garmore American	Sept	780†	(272†)
GPA	Sept**	114,800	(1,750)
Graham Hesse	June	270†	(324†)
Lance	June	410	(622)
Marks & Spencer	Sept	208,770	(186,300)
MBS	July	7,100 L	(215)
Mindance	July	1,150	(1,230 L)
Oakwood Group	June	5,490 L	(-)
Office & Electronic	June	724 L	(738 L)
Powerscreen Int'l.	Sept	8,050	(6,510)
Proving	Aug	9,710	(10,670)
Radar Group	June	1,890 L	(519)
Ratlon Invest. Tel.	Apr	500	(-)
RBC Far East & Pac.	Sept	14 L	(82)
Rechem Envs. Serv.	Sept	4,670	(3,220)
Reed International	Oct	127,800	(133,200)
RIT Capital Partners	Sept	3,820††	(1,780††)
Rowe Evans Invest.	June	1,740	(1,840)
Securities Int'l.	Sept	5,040†	(3,580†)
Simshaw R (Knt)	June	4	(229)
Stormgard	Sept	1,920	(1,120)
Tanjong Tin Dredging	June	70	(6)
Thorpe Group	Sept	90†	(241)
Tenorons Leisure	Sept	176	(56)
Triflex	June	1,160	(1,020)
Urbane	June	1,250	(127)
Walker Greenbank	July	3,270	(2,850)
Warford Investments	June	3,110	(3,250)
Waverley Mining Fin.	Sept	87	(142)
Westbury	Aug	18,170	(18,860)

(Figures in parentheses are for the corresponding period.)  
\*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Irish pence & pence. †† Net revenue. ††† Trading loss. ††† Net deficit/Net income in US dollars. ††† Last years figures for 12 months. ††† Special payment. ††† 2nd interim dividend. ††† After tax profits in US dollars. ††† This years figures for 18 months. ††† Last years figures for 11 months. ††† Net profits. ††† This years figures for 8 months. ††† Last years figures for 14 months/figures in South African rands.

RIGHTS ISSUES

Bourneco Singapore is to raise £3.1m via a one-for-three rights issue at 30p.  
Crosfields Oil Group is to raise up to £370,000 via a two-for-45 rights issue at 30p.  
CRT Group is to raise £8.6m via a seven-for-one rights issue at 40p.  
European Leisure is to raise £22.2m via a two-for-one rights issue at 15p.  
Inoco is to raise £11.3m via a three-for-five rights issue at 15p.  
Pilon is to raise £4.8m via a 1-for-10 rights issue at 250p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Air London International is to join the USM via a placing of 2.67m shares at 75p.  
Cupid has graduated from the Third Market to the USM.  
European Project Investment Trust is to join the London market via an offer for subscription aiming to raise up to £50m.  
Semperviva is to join the Third Market via a placing of 8.22m shares at 40p.

RESULTS DUE

Company	Announcement date	Dividend (p) Last year	Dividend (p) This year
<b>FINAL DIVIDENDS</b>			
Bellway	Wednesday	3.0	7.0
Bilby & Sons	Friday	2.75	2.75
British Empire Securities	Friday	0.2	0.46
Daks Simpson Group	Thursday	3.0	5.75
Dunlop Tyres	Thursday	3.0	9.8
Geynor Group	Thursday	1.2	3.75
Gleason MJ Group	Thursday	2.14	6.0
Hedfield Estates	Monday	1.0	1.25
Imperial Cold Storage & Gupp	Monday	15.0	20.0
Riva Group	Monday	15.0	3.0
Tiger Oats	Tuesday	195.0	280.0
Williamson Tea Holdings	Wednesday	10.0	10.0
<b>INTERIM DIVIDENDS</b>			
Anglo Group	Wednesday	-	-
Applidy Westard Group	Thursday	2.0	4.5
Aquascutum Group	Friday	1.0	2.5
Associated British Foods	Monday	2.8	6.58
Body Shop International	Wednesday	0.45	0.5625
British Petroleum Company	Thursday	5.0	8.5
British Sphex Industries	Monday	2.024	-
Cabra Estates	Thursday	1.0	8.0
Capital Gearing Trust	Wednesday	4.0	11.7
Fashion & General Investments	Wednesday	8.0	11.0
Futura Holdings	Thursday	2.5	0.79
GEI International	Tuesday	2.14	4.4
German Smaller Companies Inv.	Tuesday	1.20	1.5
Gieves Group	Wednesday	1.20	2.56
Henderson Administrators Grp.	Tuesday	7.0	23.0
Hughes H	Tuesday	1.8	3.7
JS Pathology	Tuesday	1.1	1.38
King & Shaxson Holdings	Thursday	2.5	6.75
Malartic Hygrade Gold Mines	Tuesday	-	10.0
Ocean Development Invest Tel.	Monday	1.0	2.2
Orford Instruments Group	Wednesday	1.0	4.2
Partland Textile (Holdings)	Tuesday	2.0	2.3
Paton International	Monday	1.0	2.2
Portsmouth & Sunderland News	Thursday	1.51	3.5
Premier Group Holdings	Friday	60.0	112.0
Randall	Monday	0.8	2.0
Rothschild J Holdings	Thursday	4.0	5.5
Royal Dutch Petroleum	Thursday	6.00	10.0
RPI	Friday	-	-
Sainsbury J	Wednesday	1.5	2.0
Scottish & Morantville Inv Tr	Friday	1.4	2.7
Shir Transport & Trading	Thursday	7.17	9.83
Sonic	Thursday	1.0	2.25
South African Breweries	Wednesday	20.0	84.0
Stavely Industries	Thursday	1.9	4.8
Storehouse	Thursday	2.5	8.0
The Rack	Tuesday	0.485	5.3
Unilever	Friday	3.08	8.1
Unilever NV	Friday	1.23	3.06
Unilock Holdings	Thursday	1.0	2.48
Warner Howard Group	Wednesday	1.3	1.0
Welpac	Friday	3.25	7.15
Whitbread Investment Company	Thursday	3.46	6.85
Yala & Valor	Thursday	2.75	6.25
Yorkide	Thursday	2.75	6.25

\*Dividends are shown net pence per share and are adjusted for any intervening scrip issues. † South African cents. †† 3rd quarter figures. ††† Quarterly dividends. ††† Dutch guilders. ††† Per share gross. ††† 2nd interim dividend. ††† Dividend for 4th quarter paid in Canadian cents.

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THE INVESTMENT HOUSE

FINANCE & THE FAMILY

Jim McCallum looks at a way of hedging your investments

# Take stock of traded options

THE ROLLER-coaster ride embroiled by the stock market must have left some shareholders wondering if there was any way of protecting their investment. Indeed, many will have considered selling up and putting the proceeds on deposit in case share prices plummet. After all, a stagnant or bear market would not appear to be the place for the private investor.

Or is it? If you are reluctant to relinquish your shares and are interested in managing your portfolio, you could use traded options to stay in the market.



Where the action is: market makers and traders in the London Traded Options Market

According to Tony de Guingand, director of the London Traded Options Market, "traded options are not inherently risky, and for investors with an existing equity portfolio, they are the ideal risk management tool."

A traded option, as the name suggests, carries the right to buy or sell shares at a fixed price at any time during the life of the option.

A put option, for example, which gives you the right - but not the obligation - to sell shares at a particular level, is like an insurance policy," says James Butcher, of Sheppards, a stockbroker with a strong specialist options department.

Unfortunately, options are not of great use to investors who want to hedge less than 1,000 shares, since one London options market contract is normally equal to 1,000 shares. But for the investor with around £10,000 in an individual share, options may be worth a second look.

Take the example of an investor worried that shares would fall. He might consider buying a put option. Say he held 3,000 Hanson shares, which were trading at 220p on the stock market, but he believed they could fall to 190p by January. He could buy three Hanson February 220 put options (equal to 3,000 shares). The cost of buying these options (known as the premium) might be 12½p per share, or £375 for three put options (12½ x 1,000 x 3), plus dealing cost.

One possibility is that he could exercise his right to sell his shares at 220p. Alternatively, and more usually, he could sell his option, since a fall in Hanson's share price

would boost the value of the put option. In this example, the option premium would have increased to around 80p, allowing the investor to sell his option back into the market for a profit of £525 (17½p x 1,000 x 3) to compensate for the £900 (30p x 3,000) loss on the underlying share.

The downside is that if the price of the Hanson shares did not fall, the investor would have spent £375 in vain. As with all forms of insurance, if nothing is damaged no claim is made and the premium is lost. You can also use FT-SE 100 (Footsie) share index options to protect yourself against a general drop in the market, while at the same time retaining ownership of your portfolio of shares and avoiding a possible liability of capital gains tax.

If you take the view that prospects for the market as a whole are none too good, or are nervous about the short-term outlook, you buy Footsie put options, which will gain in value if the market moves lower.

For example, in the middle of September when the FT-SE index was at 2,400, and if you had been worried that a 10 per cent fall by Christmas was likely, you could have bought December FT-SE 2,400 puts. An investor with a £100,000 portfolio of shares would need to have bought five puts (5 x 2,400 x £10) to be fully covered against such a fall. The calculation here is slightly more complicated, as each contract represents equities to the value

of £10 multiplied by the Footsie index level.

As the premium in mid-September was 65p, the cost of this insurance would be £23,500 (65p x £10 x 5). Since September, the FT-SE index has indeed fallen 10.5 per cent to around 2,150. The FT-SE December put premiums have increased to 280p, and the options are now worth £14,000 (280p x £10 x 5). Hence, the investor has made a profit of £10,850 (£14,000-£23,500). Once dealing costs are included this almost exactly balances out the £10,500 loss the investors' portfolio has sustained but of course the shareholder still has his equity.

Another defensive alternative for a share holder is to "write" or sell a call option. This gives the investor protection against a limited fall in a share's value and the opportunity to generate a profit in a static market. However, it is important to understand that if you are a call writer you are selling someone the right to buy your shares at a given price. So while you may make a profit if the shares are below that level when the option expires, if they are above, you will be obliged to sell shares at that lower level.

"Call writing is a conservative strategy provided you own the underlying stock. If you don't own the underlying shares it is highly speculative as it potentially incurs unlimited liability. This is known as naked writing," says Butcher. He warns that it is worth sticking to several simple

rules. "Keep to simple strategies. Leave the complicated trades to the institutions. Know your liabilities. Never over-extend yourself. And be fully covered, that is don't sell what you don't have."

De Guingand points out: "Investors wishing to use the London Traded Options Market, should remember that if they stick to buying options, either puts or calls, they do not have to deal in the underlying stocks themselves, unless they choose to do so. Furthermore, the risk is limited to the amount paid for the option."

Indeed, the ease of using options to gain access to large blocks of shares with small amounts of capital makes speculation far easier and cheaper than trading in the stock market, particularly for small investors. If the stock market is suddenly set alight by a takeover, the leverage involved in options means you often can make a lot of money in percentage terms on your original stake. However, you are more likely to lose your premium,

unless there is a strong movement in prices, since the spread - the gap between the buying and selling price of an option - is often very wide and has to be made up before you start to make any money.

Much publicity was given after the 1987 stockmarket crash to one investor who lost more than £1m by being allowed to "write" put or sell options without owning the underlying stock. This was very profitable while the market was moving steadily upwards, but it is an extremely dangerous practice as the collapse highlighted in dramatic fashion.

De Guingand says: "If you wish to write options and receive premium, you are strongly advised to ensure that you are fully covered, either by owning the underlying stock if you are writing calls, or by ensuring you have sufficient cash available to purchase the stock if you wish to write puts."

Remember that if you are interested in using the options market you will need to contact a broker well in advance of actually doing business: the broker will then send you documents, one of which details the risks of options dealing, you will have to sign. Only when that is returned to the broker can you trade.

Prices of London traded options are listed every day in the *Financial Times* and include the different time periods available. Mid prices are quoted, that is the difference between the offer and bid, so you should check the extent of the spread first. Further information can be obtained direct from the market, which provides explanatory promotional material free of charge, including a list of the brokers dealing in options.

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John Edwards looks at some new offers

## Pep for PEPs

COMPETITION IN the personal equity plan market is hotting up.

One of the latest challengers, Perpetual, has created a new PEP unit trust where the initial charge is reduced to only 2.25 per cent by giving a 3 per cent discount - and the annual management fee is a low 1 per cent.

At the same time, Perpetual is offering direct share purchase PEPs, with no initial charges. Its Managed Portfolio PEP, where Perpetual chooses from a list of designated investments of at least 20 major UK companies has a 1 per cent annual charge, but the share dealing commission is only 0.2 per cent.

Under the Personal Selection version, which is a bit of a misnomer in that investors are only allowed to choose shares from the list of designated investments, there is no management fee but the share dealing commission is 1.5 per cent. In addition there is a dividend collection fee of £1.50.

The Perpetual PEP Growth and Income Fund is designed to comply with the PEP regulations that at least 75 per cent of the holdings must be held in UK equities. However, the units in the fund are accumulation units, so you do not receive any income since the dividends are reinvested.

Minimum investment in the PEP scheme is £500, and there is a regular savings alterna-

tive, with a minimum of £20 a month, for investments into the unit trust.

Meanwhile, Fidelity has fulfilled its earlier pledge that it would introduce a direct share purchase PEP. In addition to the unit-trust-only PEP it introduced in June, so that investors can use the full investment entitlement of £4,800 instead of being confined to the £2,400 maximum permitted for unit trusts.

In fact, each of the three discretionary schemes on offer - Aggressive Growth, Defensive Growth, and Balanced - put the first £2,400 into a Fidelity unit trust (Special Situations and/or Growth plus income trust) while the balance is invested in eight to ten UK shares.

Costs are at the top end of the scale, with an initial charge of 5.25 per cent, plus an annual management fee of 1.25 per cent. However, the dealing charges within the direct share element have at least been kept at a reasonably competitive level of 0.5 per cent.

However, Fidelity is giving a 1 per cent discount on all £4,800 PEPs taken out between November 1 and December 31, and a discount of 2 per cent to its existing unit trust holders "topping up" to £4,800.

There is little choice in the amount that can be invested. You can invest only lump sums either of £2,400, which automatically is put into a unit trust scheme, or the whole

£4,800. With this restriction it is not surprising that Fidelity has not attracted a great deal of support for its unit trust only PEP so far, in spite of the group's good performance track record.

Sum Life is moving in the opposite direction by introducing a regular savings version for PEP schemes. It will now be possible to invest between £50 and £200 a month in the unit-trust-only version, and between £200 and £400 in the "share basket" PEP, which has a portfolio of at least five shares.

Meanwhile, last week's article in Weekend FT on the Best PEP Advice has aroused some criticism from companies, who claim the assessment of their charges is unfair.

Credit Suisse Buckmaster & Moore, which was ranked as one of the highest charging managers, says that wrong figures were used. So does CCF Foster Braithwaite. Rayker Securities is also upset by the method of calculation and assumptions made, which it alleges produces an inaccurate picture.

John Spiers, of Best PEP Advice, says revised figures have been calculated for three companies, CCF Foster Braithwaite, Buckmaster & Moore, and Broker Financial Services). But, in the main, he says most critics do not appear to have understood the way the figures were compiled.

## NU joins index funds

NORWICH UNION is the latest group to enter the expanding market for indexation funds with the launch this week of the Norwich UK Index Tracking Trust.

The name of this trust is not only uninspiring, but is also technically incorrect. The new trust is a full replication fund holding all the 698 stocks in the FT-Actuaries All-Share Index. There will be no attempt at holding a smaller number of stocks on a sampling system - the underlying principle of a true tracker fund.

Full replication can only be made if the underlying fund is sufficiently large. So Norwich Union is committing £50m of its main life fund to the tracking trust to get the volume started. Somewhat strangely, Norwich is pitching the minimum investment at the

high level of £100,000, with £10,000 as the minimum additional investment.

It admits that it is after the high net worth investor and the smaller pension fund, where there is a need to create an indexed core holding in the portfolios, rather than the ordinary investor.

This move by Norwich is rather out of keeping with its general approach to investment, which has been that of strong, active, aggressive, balanced management.

The charging structure is strange - an ultra-high 6 per cent initial and a low 0.2 per cent annual. An initial charge of 6 per cent would be somewhat high on a UK general equity fund with a minimum investment of £1,000. On an index fund with a minimum investment of £100,000 it seems ridiculous.

However, Norwich Union says that substantial discounts on the initial charge are available for larger investment sums. The indications are that the initial charge will usually be negotiable, with 6 per cent as the starting point.

To show that Norwich Union has not entirely abandoned active investment management, it is also launching a conventional Norwich North American Smaller Companies Trust, where the minimum investment is £500, the initial charge is again 6 per cent, and the annual charge is 1.35 per cent.

An index core holding of £50m in a life fund of £125m is not likely to have much effect on NU's ability to maintain its top with-profit bonus performance.

Eric Short



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**General Portfolio**

## FINANCE & THE FAMILY

### EXPATRIATES

# A fillip for offshore savers

THE RECENT uncertainty in the equity markets will no doubt have encouraged many expatriates to look for a safe haven for their savings in the short term. So the Inland Revenue's clarification regarding the tax treatment of building societies which are now established offshore is timely.

Most expatriates know that they must invest offshore to avoid paying UK tax on the income generated by their savings. But few of them are clear why this is so, especially since it has been possible to receive UK bank and building society interest gross (since April 1985 and April 1986 respectively) simply by completing a declaration of non-ordinary residence.

The fact is that such interest is not liable for UK tax. The Revenue retains the right to tax it and in certain circumstances does so, for example in relation to the non-resident periods within the years in which you leave the UK for residence overseas or in which you return.

A further disadvantage will arise when full allowances for non-residents become available from April 1990. Take the case of Joe Expat, a married man with annual netting profits of £4,000 and building society interest of £3,000 (paid gross) arising in the UK.

As a British subject, he will be able to claim reliefs totalling £4,375 per annum which he assumes will eliminate all liability on his netting income. Unfortunately for Joe that is not the case: his allowances will be allocated first against the building society interest, leaving only £1,375 for the let-



ting. The result will be a tax bill of £266.

If you emigrated from the UK, taking up a domicile overseas, remember that sterling deposits with UK banks and building societies with UK assets subject to inheritance tax on your death if their value and that of any other UK resources you own exceeds £18,000.

However, as a result of recent Revenue rulings some offshore building society investments now avoid these difficulties.

The Revenue initially regarded overseas branches of UK societies as part of the UK operation - they were therefore subject to the same tax treatment. In the Revenue's eyes, it made no difference whether you invested with the society's branch in Jersey or at its head office on the mainland. The societies were not particularly happy with this conclusion, since savers also faced local taxes.

However, it has now been agreed that if no facilities in

relation to the UK branch network are provided, the application of general principles of English law result in the legal location of the account (its situs) being overseas.

Of the several societies concerned, the Abbey National was always a case apart. Leaving aside that it is now a bank, its operations in Jersey and Gibraltar involved separate overseas registered subsidiary companies rather than branches. As a result, the Revenue has always accepted them as overseas entities.

So far as the others are concerned, overseas situs was agreed for all existing accounts of the following societies on the dates shown:

Isle of Man - Britannia - from June 26, 1988; Bradford & Bingley - from June 7, 1989; National & Provincial - from July 6, 1989; Jersey - Halifax - from February 20, 1989.

The relevance of the dates given is that tax liabilities of non-residents settled on, or after, these dates will be on the basis that all income from the societies is UK tax exempt, whereas earlier settlements will have treated such income as taxable.

The Revenue has not decided how such cases will be adjusted, so should you be affected, take care to keep the matter under review.

There are some notable absentees from the list - neither Leeds Permanent in the Isle of Man nor Bristol & West in Guernsey appear. However, both say that negotiations with the Revenue are in progress and that they expect a satisfactory outcome.

All of which is good news for expatriates. However, apart from the Abbey National's offshore offices, there is nothing here for the UK resident seeking gross paid interest (for example as a way of using the independent tax allowance which will become available to his wife from April 6 1990).

To the extent that savings are placed with offshore building societies by UK residents, composite rate tax has to be paid - an administrative nightmare which they are avoiding by refusing to accept such deposits. Nor will such accounts accommodate UK resident non-domiciliaries who normally suffer British tax on overseas income only to the extent that they remit it there.

So if you want to put your money in a building society, select your account with care. If in doubt, seek clarification.

**Donald Elkin**

Donald Elkin is a director of Wilfred T Fry of Worthing, West Sussex.

## Wealth warning

THE LARGEST single cause of complaints to the Unit Trust Ombudsman relates to investors being sold "income" plans without really understanding that often their capital is being eroded to pay the "income."

So it is right that Profitic should give a "wealth warning" with two distribution funds launched this week. The funds offer you three ways of receiving income: traditional quarterly payments as they arise; a fixed percentage of the original investment; or a fixed percentage of the current value.

The latter two options could lead to erosion of original capital, and one can only hope that the "wealth warning" is sufficiently well understood so that investors don't get a shock later. Selling units to meet income requirements is all right on a rising market, but deadly when the market falls.

There are two versions: a Managed Distribution Fund, with an initial gross yield of 4.55 per cent gross, and an Equity Income Distribution Fund, with a yield of 4.22 per cent. Both funds invest in a mixture of Profitic unit trusts on a selective basis, with the facility to invest directly in equities, convertibles and other investments.

However, the Managed Distribution Fund has a higher (20 per cent) initial amount invested in a Preference & Fixed Interest unit trust. This helps provide the higher initial yield but could be a brake on future increases in income.

**Eric Short**

## A growing problem

MY NEIGHBOUR planted a specimen beech of some special species within a foot or two of our boundary. It grows to maturity this will clearly completely ruin our fruit cage from the point of view of light, since the tree is due west. Our neighbour is a keen ecologist, and thinks in terms of his tree gaining a preservation order.

Until now, I have not pruned overhanging branches, but they were severely affected by a recent bonfire of mine, which got the neighbour very upset. Do my rights to prune overhanging branches and sever roots continue if he gets a tree preservation order? Have I any rights against his planting a potentially enormous tree in such a position and then getting protection? You have no right to prevent the planting of a potentially large tree - it may not reach the size you fear. If a preservation order is made your common law right to lop invading branches will be restricted by the need to obtain authority under the preservation order to lop any branches.

other small houses for letting. If we sell either of these, can we roll over into another house what is the capital gains tax? I know there should be no CGT on the house we bought for retirement which we have named as our main home.

Is there any tax efficient way of paying these houses on any of our four children of which three already have a home of their own? The youngest is not ready to settle yet, and was not willing to take up the suggestion that the other did, and buy a house to let.

First question: Not living in them could reduce the CGT bill.

Second question: No, not that we can see from the information provided. Why not talk things over with the solicitor who prepares the transfer documents for you? Even if he or she does not feel competent in tax law, he or she will be able to put you in touch with a suitable adviser - an accountant, for example.

Although you have jointly bought the house under section 101 (6) of the Capital Gains Tax Act, 1979, that the house you bought five years ago should be treated as your main residence, the tax inspector might invoke section 103 (3) to levy a CGT charge if he took the view that the enlargement was undertaken "partly for the purpose of realising a gain from the disposal." If you decide to move into one or both of the other two let houses, of course, the necessary notices under section 101 (6) will require careful timing. The solicitor or accountant will be able to guide you.

and no means of referring a dispute to arbitration or appeal. The price would simply be what a willing seller and willing purchaser can negotiate. If your lease was originally granted for a term of more than 300 years and has more than 200 years to run you may be able to "enlarge" it into a freehold under section 153 of the Law of Property Act 1925 without making any payment.

**Portfolio disposal**

I HOLD a portfolio of stocks and shares jointly with my brother and stepmother. We wish to divide this by each taking one third of the securities into our sole names.

a) Can this be achieved by writing to the relevant company registrars or must we use a stockbroker?

b) Are we making disposals which will attract capital gains tax?

c) If not, are we making gifts to the other holders?

■ A Share transfer forms are obtainable from business sta-

## A question of access

MY SON married a German woman four years ago in England. His wife is now threatening to return to West Germany to live with their two children aged 2½ and six months. He needs to know:

a) could he claim that he would not have "reasonable access" to his children?

b) if she leaves the marital home in England would he be legally bound to provide a home of equivalent standard in Germany regardless of cost differences?

c) if she was already living in Germany would court proceedings take place in England or Germany?

d) would EC law be a factor to be considered?

■ As your son appears to be domiciled and normally resident in England, divorce proceedings can be brought in the English court. There is no reason why he should not have proper access to the children even if they were living in Germany. As they get older they can have "staying access" by visiting him in England.

The English court would normally not require the husband to provide a home for his divorced wife in some other country, but the financial settlement may well include provision for a capital sum to be made available to enable the wife to buy or commence buying a house abroad. If the wife were already resident in Germany either court might take jurisdiction.

## Equality rules

FROM AN article in the Financial Times, I note that if a husband dies intestate, the wife's inheritance is reduced if there are children. Does this also apply to the husband's inheritance if his wife dies intestate?

■ Yes. The provisions as to the children's shares on intestacy apply equally to an intestate of either sex.

## Buying a ground rent

COULD YOU outline for me the factors that should be taken into account in arriving at a fair purchase price for a peppercorn ground rental on a hungalow that is a domestic residence. My understanding is that present interest rates and the amount of the ground rent are the main factors, but how does one relate this to a peppercorn rent?

About seven years ago, when interest rates were lower, around £300 was paid (in total) for a neighbouring, similar, peppercorn rent, but I am told the head lessor is now asking £750 plus expenses. Is there an appeal body which is available for reference in cases of dispute?

■ Unless the purchase is being effected under a statutory provision, for example the Leasehold Reform Act 1967, there is no "correct" formula

## CGT on let houses

WE ARE tenant farmers and live in the farmhouse. Five years ago we bought a house to retire to. We spent nearly a year in it while the farmhouse was modernised and since then it has been let, except for about six months when it was being enlarged. We have also bought two

## O&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. Answers may be answered by post as soon as possible.

**Portfolio disposal**

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## A matter of size

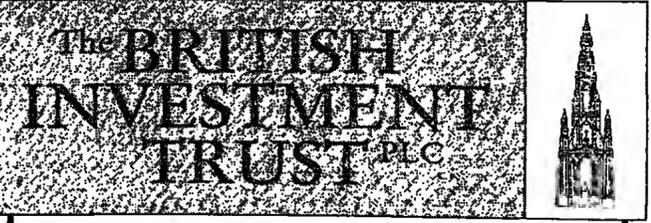
I INTEND to build a porch on the front of my house. What is the maximum size it can be without having to apply for legal planning permission?

■ If your house is not terraced: 70 cubic metres or 15 per cent of the volume of your house (whichever is the greater), but with a maximum of 115 cubic metres.

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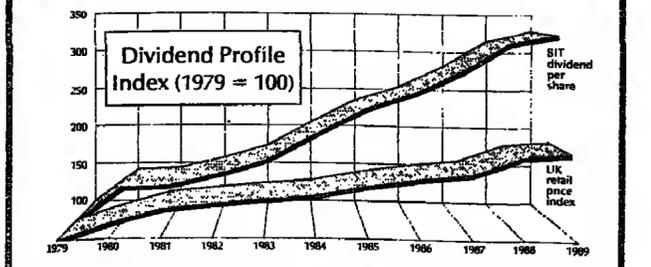
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Earnings per share	11.88p	10.39p +14.3
Interim dividend per share	9.00p	8.50p + 5.9

The Company's subsidiary, Edinburgh Fund Accounting, is not consolidated in the above figures consistent with the accounting policy adopted in the 1989 Annual Accounts.



Please note that past performance is not necessarily a guide to the future and that the value of shares can fall as well as rise, so that investors may not necessarily get back the amount invested.

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FINANCE & THE FAMILY

Richard Waters on the collapse of an indemnity insurance scheme  
So you think you're protected

IF YOU lose money as a result of your financial adviser's negligence, how well protected are you? Less so than you think you are. Following the collapse of a compulsory professional indemnity insurance scheme this week.

The scheme, which was to cover the 3,200 independent financial advisers belonging to the Financial Intermediaries, Managers and Brokers Regulatory Association, was meant to come into force on November 1. It would have covered claims of up to £100,000 (with an option to raise this to £250,000) arising out of the negligence of an adviser.

The scheme collapsed at the 11th hour when Fimbra fell out with its underwriter over a dispute about the extent of the insurance cover to be provided. Details of the terms of the protection for investors has not materialised.

Fimbra has said that it still believes in PI (professional indemnity insurance) and will reconsider the topic. Meanwhile, just over half of Fimbra members already have PI cover which they took on voluntarily. Many more had applied to join the compulsory scheme, but it remains to be seen how



"I HOPE ALAN WALTERS IS WELL INSURED."

many of these will still take up the cover.

Accountants, lawyers and insurance brokers already have to carry PI which leaves other financial intermediaries the odd ones out.

Of course, investors still have the safety net of the compensation scheme set up under the Financial Services Act. However, there are a number of disadvantages with relying on this scheme. These include:

- It covers the first £30,000 of a claim and 90 per cent of the next £20,000 - in other words, a maximum of £48,000,

compared with the £100,000 minimum proposed for the Fimbra insurance cover.

- The compensation scheme pays out a maximum of £100m in any one year. That may sound like a lot, but a big failure such as that of Barlow Clowes could use up the £100m at one go, leaving nothing for other claimants in the same year. The City's regulators say that another Barlow Clowes is impossible - but regulators always say that after a big financial failure.
- Claims are only met by the compensation scheme if the investment adviser cannot pay up and is put into liquidation. With PI, the claim is paid by the insurers - allowing the adviser to carry on in business, and also speeding up the payout. Of course, as an investor you may not worry too much about the adviser going bust, provided you get your money back. Fimbra, though, claims that it is in investors' interests to have a healthy financial intermediaries sector.
- The compensation scheme covers the value of your investment at the time at which the adviser goes into liquidation. So, if it had fallen sharply due to some misdemeanour, the

loss in value would not be covered. The same is not true of PI.

On the other hand, PI has its drawbacks - most notably the fact that it does not cover claims where there has been fraud by a company's proprietors, or where the proprietors have misled their insurers.

The position of Investment and Pensions Advisory Service of Addlestone, Surrey, illustrates this. This was the firm which advised mainly retired people to put a total of more than £66m into Barlow Clowes, the investment group which collapsed last year. The company was wound up this week.

Investors had looked to the company's indemnity insurance policy for relief. However, it was revealed in court this week that the insurers are seeking to repudiate the policy, on the grounds that the company's directors withheld vital information from them.

Meanwhile, if you want to know whether or not your adviser has insurance cover, it should be disclosed in the "terms of business" letter all investment businesses are required to give their clients.

ETHICAL INVESTMENT is a fairly big business in the UK alone an estimated £300m is currently invested according to ethical and environmental criteria. Now the Green movement wants to establish an environmental code of conduct for business which would encourage companies to clean up their act, thereby making a more favourable impression on both investors and consumers.

Such a code of conduct already exists in the US, where an estimated \$400m is invested on a "socially responsible basis." The scheme is in its infancy and is quite vague in its details. It is a code of conduct called the Valdez Principles (named after the Exxon Valdez disaster) which a tanker ran aground in the Alaskan sound). The idea is that companies should become signatories to the Valdez Principles. They are then given an annual "environmental audit" by an independent consultant to make sure they are sticking to its objectives.

The Valdez Principles include commitments to reduce pollution; to minimise the expenditure of water; to protect the environment; to improve energy efficiency; and to disclose incidents which harm the environment. Companies are expected to appoint a member of the board who is "qualified to represent environmental interests" and "conduct annual evaluations of progress in implementing

In search of a new ethic

these goals."

The idea is that companies which meet these requirements would be hailed as environmentally sound, thus attracting the green consumer and investor.

The principles were drawn up by CERES (the Coalition for Environmentally Responsible Economies) which consists of environmental groups in the US such as Friends of the Earth and the Wilderness Society, as well as investors such as the New York City and California state pension funds, which have an interest in socially responsible investment - as well as environmental financial clout.

The Green Alliance, an organisation working on environmental policy in the UK, wants to establish a similar code of conduct in the UK, although it believes that the task will prove easier than in the US because of the difficulty encountered here in obtaining sensitive information from companies.

EBIS, the Ethical Investment Research Information Service, already provides a screening service for investors who want to

know, for example, whether companies sell arms or do business with South Africa.

The Green Alliance now wants to encourage businesses to improve their company image by performing "environmental excellence auditing." Companies would have to disclose information about whether they had a strategy to improve energy efficiency, plans to reduce energy consumption, to introduce transport policies for staff in order to reduce traffic, or a programme to recycle materials.

The idea is to help investors (and consumers) make more informed decisions. Gordon Davidson, executive director of the Boston-based Social Investment Forum, which helped to set up the Valdez Principles, sees these as "a rating system for use by pension funds deciding where to put their money" as well as a "standard-setting board." He believes that environmental auditing will grow rapidly in the UK, following the example in the US. EBIS (Environmental Investment Research Information Service) publishes a directory of environmental consultants including those

Sara Webb

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High interest cheque	6.50	6.20	7.38	monthly	1	50,000
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Ordinary share	6.00	6.09	4.87	half-yearly	1	1-20,000
High interest access	8.00	8.05	5.40	yearly	1	200
High interest access	6.25	6.25	6.60	yearly	1	2,000
High interest access	6.75	6.75	7.00	yearly	1	5,000
High interest access	8.00	8.00	7.20	yearly	1	10,000
90-day	9.00	9.20	7.56	half-yearly	1	500-9,999
90-day	9.45	8.87	7.74	half-yearly	1	10,000-24,999
90-day	10.00	10.25	8.20	half-yearly	1	25,000
<b>NATIONAL SAVINGS</b>						
Investment account	10.75	6.06	6.45	yearly	2	5-100,000
Income bonds	11.50	9.08	7.28	monthly	2	2,000-100,000
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.
34th issue*	7.50	7.50	7.50	not applic.	3	25-1,000
Yearly plan	7.50	7.50	7.50	not applic.	3	20-300/month
General extension	5.01	5.01	5.01	not applic.	3	-
<b>MONEY MARKET ACCOUNT</b>						
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8pc Treasury 1981	12.46	10.54	9.07	half-yearly	4	-
8pc Treasury 1982	12.01	9.90	8.93	half-yearly	4	-
10.25pc Exchequer 1985	11.14	9.52	8.95	half-yearly	4	-
8pc Treasury 1980	11.74	10.95	10.48	half-yearly	4	-
8pc Treasury 1982	9.28	8.05	8.55	half-yearly	4	-
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MINDING YOUR OWN BUSINESS

Family company starts to sparkle



John Culverhouse (centre) Ian Woodruff and Jill Woodward of Fantastic Fireworks

MORE THAN three-quarters of Jon Culverhouse's sales for the current year will go up in smoke this week-end.

This former Daily Mail sports sub-editor, aged 44, has turned a life-long hobby into a business. He is now joint proprietor with his wife, Françoise, of a young but fast-growing family company called Fantastic Fireworks.

Tonight he will be lighting the blue papers for a set piece display at the Thurston motor racing circuit. A small army of part-time volunteers - he calls them his "firers" - will be running displays at more than 20 other sites.

Bonfire Night will be celebrated this year by fireworks parties over the entire weekend. The main event falls on Sunday. As the bangs and flashes finally die away early on Monday morning Culverhouse will draw a line under another successful year in which he has turned over £300,000 in sales of organised fireworks spectacles and do-it-yourself fireworks display packs. Up to now he has been doubling his turnover each year. By the end of the next financial year he expects his sales "to be within a whisker of £500,000."

The business is run from a tiny office suite in Culverhouse's Hertfordshire village of Redbourn. The fireworks, which are all imported, are stored and packed in a secure and licensed warehouse in another village nearby. The total full-time

staff is Culverhouse and two others. Jon Culverhouse made his own fireworks as a child from recipes which in those less safety-conscious days were carried in boys' books and encyclopaedia. The simple ingredients could be bought from the local chemist.

He started in journalism on the Western Morning News in Plymouth and eventually made Fleet Street. But fireworks continued to fascinate him. After holding a still-re-

Roy Hodson meets a man whose hobby became a business

membered fireworks party with a selection that an importer had brought in from China, he decided to try selling them himself as a sideline.

The first year he sold just £100-worth. The second year sales advanced to £400. Then he started to advertise methodically. His trade responded by soaring like a rocket to a turnover of £120,000 a year by 1987. At that point he decided that he had a good business on his hands and left the Daily Mail to concentrate on winning a serious share of the British fireworks market - which is worth about £25m a year.

As the business has grown so has his need for capital. He has a £100,000 loan facility backed by his house, but realises he will need to find new finance if he is to continue to expand quickly.

Lord Gnome would be delighted to hear that Culverhouse sings the praises of that fictional nobleman's paper, Private Eye, as his best advertising medium. Culverhouse says: "Modest adverts for Fantastic Fireworks displays, squeezed between the lonely hearts and the sex oils, started my telephone ringing originally, and it has never stopped since." He is still a regular advertiser in the Eye but has extended his space buying to the Yellow Pages. He works to the yardstick that he must spend 10 per cent of his current turnover upon advertising in order to expand.

Culverhouse's displays for the corporate market and such events as weddings and fetes are individually designed by him and his team of freelance fireworks engineers to suit the mood of the occasion. They can be noisy, brash, colourful, or quiet. A five-minute display for a wedding last June cost £5,000. A more usual price quoted would be up to £1,000 for a display of about ten minutes.

He does-it-yourself packs start at £60 and rise to £2,000 for the top-of-the-range Meltdown. People ordering are usually prepared to spend at least £150 on private displays; more for club and other events. Some 20 tonnes of fireworks a

year are now passing through his warehouse imported from Taiwan, Japan, China, West Germany, Italy and Spain. Japanese fireworks are pleasing and ingenious, he says, but probably Spain ranks top for ingenuity.

Handling fireworks in bulk poses formidable problems of safety, security, and insurance cover. They are all stored in locked steel drums. Retail prices have been fixed up by about 10 per cent this year by the stricter requirements of a new British Standard (BS7114)-for fireworks which came into force last January. A qualified analyst has to test each consignment. Standards of labelling for the warnings and instructions have also been tightened.

Insurance is one of the biggest outgoings in a fireworks business. Culverhouse is spending £30,000 a year on public and product liability cover. Very few insurance companies will take the business - which covers Fantastic Fireworks for such possibilities as a firework blowing up, or a negligent operator causing a display to go wrong. "Fireworks are inherently dangerous," says Culverhouse. "We do all we can to minimise danger. We have had minor accidents involving firebed being given to spectators. But we have never had anyone in hospital. And we have not had any claims against us."

Fantastic Fireworks, PO Box 300, Redbourn, Herts AL3 7BE. Tel: 05255-2425.

The Owners of most small businesses see insurance as a necessary evil. That view is not helped by most of the big insurance brokers because they generally cannot afford to service the smaller end of the commercial insurance market.

Not enough attention is being paid to the smaller business, says Howard Roberts, chief executive of Mynshul Insurance Brokers. "What is tending to happen is that the larger brokers are going for the big stuff and fighting each other. The acorns of business life are being ignored because the big brokers only want to deal with oak trees. The pressure is to go after big companies paying big premiums because this leads to big commissions or fees which will pay for brokers' overheads, facilities and services."

The sort of threshold which larger brokers need for commercial business to be worthwhile is probably a premium level of around £30,000 a year. Many small businesses spend less than a tenth of that and are thus too small to service.

An Entrepreneur's Guide: Ian Hamilton Fazez on brokers Ignoring acorns for the sake of oak trees

But while the big brokers are largely blind to small business needs, they and the insurance companies they serve are not blind to the mass of individuals comprising the more general retail market.

The result is that most people - whether entrepreneurs or not - have come to regard insurance not as something which is bought, but something which is sold, usually by repeated blasts of various types of marketing shotgun. Direct mail assaults, the nation's letterboxes, salespeople or solicitors make sure they fulfil legal obligations include employer's liability, buildings, motor vehicles, statutory inspection of boilers and lifting equipment, public liability and product liability.

However, a dip into The Small Business Action Kit, an excellent publication by Mac-

clesfield Business Ventures, one of Britain's 300 local enterprise agencies, suggests that a rather wider view should be taken. It recommends insurance cover for accident, fire, theft, vehicles, stock, business interruption, goods in transit and equipment, as well as all likely liabilities of the business and any consequential loss.

Sickness is another key area, covering personal accident, temporary and permanent disability and private medical care. Not just the entrepreneur or owner of the business needs to be considered here, but key personnel, other shareholders or partners, whether active in the business or not.

The same applies to insurance against death itself for these same people. Pensions are equally important. Owners, directors,

employers, employees all come into the reckoning, whatever type of pension is involved. The key is to assess needs in total and optimise the cost of dealing with them against the benefits available. Personal investment planning is the final part of the entrepreneur's equation, which means defining targets for capital and income in the long term outside growth which is directly attributable to the business.

Howard Roberts says: "You have to ask whether any packages on offer match small business needs. Periodically you need to stand back and have a look at it. In small business the whole area of insurance should be looked at in combination. The best thing is to find a broker who will put the right package together for you."

That is easier said than done, however. The big brokers are too big to bother - although individuals from large companies who set up on their own may well find that their former employers' broker will act for them.

At the other end of the scale, many high street insurance brokers are generalists, trying to do it all, with too little specialised knowledge of some markets to be able to offer a wide enough range of advice, purely because of the difficulty of keeping up to date in a fragmenting market.

A general rule of enterprise agencies has long been to use brokers who are members of the British Insurance Association, which is itself a type of insurance of standards. The Financial Services Act is also a safeguard for the small business; it puts generalists



£500,000 and £1m a year. Howard Roberts is so frank about the insurance industry's historically poor relationship to small business, because he has identified the gap in the market and has moved to fill it with Mynshul Insurance Brokers. A new company, it is part of the Manchester-based Mynshul Group, which includes a merchant bank, and venture capital, trust and asset management businesses, and is backed by Swinton Holdings.

Roger Hoyle, who was recruited earlier this year from N.M. Rothschild & Son to head the Mynshul Group, says that the operation is innovative and now has a clear enough market lead on the industry as a whole for him to talk openly about it. He expects to be badly pursued by competitors but hopes to be far enough ahead not to be caught as leader.

For the small business sector it looks as though more specialised help and more choice are bound to result. Mynshul Group, 31-33 Princess St, Manchester M2 4BW. Tel: 061-286-9997.

under pressure not to claim specialised knowledge unless they are sure of themselves - and in some areas prevents them giving advice at all. The typical, small broker which is big enough to house specialists probably has a couple of directors, half-a-dozen staff and income of between

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Each year about 90 pupils leave to go on to degree courses throughout the U.K., and about 30 go into other forms of education, into the forces or into jobs.

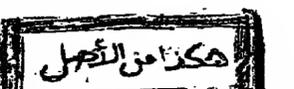
The Dollar tradition of academic and sporting excellence has brought the Academy an international reputation. An ambitious development plan includes new centres for Music, Technology, Computer Education, Art and Design and Physical Education.

Pupils are admitted to Dollar if they meet the required standards in the Academy's Entrance Examination, or if their 'O' grade or GCSE results (or expectation of results) are appropriate. The main points of entry are currently at 5, 9, 10, 11, 12 and 16. From August, 1990, some of the Secondary Curriculum is introduced in Junior II (Primary 7), and parents wanting a full secondary education at Dollar should enter their children for Junior II (Primary 7). The next Entrance Examination is on 25th January, 1990. Entry to the early years of the Prep School is by interview with the Headmaster. If for any reason a pupil misses the main examination he or she may be tested, if there are still places, in subsequent months.

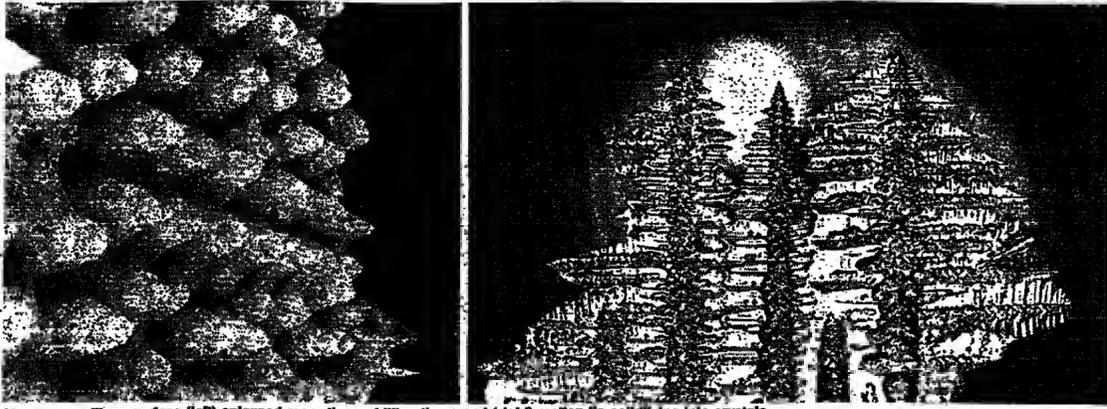
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DIVERSIONS



Atoms on a silicon surface (left) enlarged more than a billion times and (right) molten tin solidifying into crystals

# A larger-than-life exhibition

Susan Aldridge celebrates 150 years of The Royal Microscopical Society

IN THE 18th century, when amateur science was its heyday, groups of keen botanists and fossil-hunters in Britain used to gather to the newly-formed scientific societies. One of these, the Royal Microscopical Society, is celebrating its 150th anniversary this year with an exhibition at the Science Museum in London, which aims to rekindle some of this early enthusiasm.

The central feature of the show is a "hands-on" section where you are invited to view your own specimens through a wide selection of microscopes. This unusual opportunity to handle equipment often reserved for the professional has been attracting enormous interest, say the Microscopical Society's demonstrators. They are on hand to chat about their work and take up points of interest with visitors.

The group of microscopes which form an introduction to the exhibition range from a simple model one might buy to the Museum shop for a young enthusiast, to the more sophisticated instruments used to forensic work and in hospital laboratories. These are the direct descendants of the society's own collection of 400 microscopes, a selection of which is also on view. These formidable instruments in brass and silver - one weighing 12 kg - have been catalogued and described by Professor Gerard Turner's commemorative book *The Great Age of the Microscope*. They are mainly compound microscopes (meaning that they have two lenses) and have been in existence since about 1600.

The popularity of the microscope from the 17th century onwards owes much to Robert Hooke's celebrated

*Micrographia*, published in 1665. In this collection of drawings Hooke, a contemporary of Isaac Newton, set down the world of intricate detail revealed by the instrument in a way which caught the public imagination.

It was the Dutch scientist Anthony van Leeuwenhoek, however, who began to explore the scientific potential of the microscope with his scrutiny of the teeming, invisible life of soil and water. His vivid descriptions of his "animalcules" or microbes laid the foundations of microbiology, which later gave us the germ theory of disease - a topic which has acquired a new and unappealing significance in these days of salmonella and *Listeria* scares.

Leeuwenhoek's microscopes had only one lens and were fashioned from beads of glass. Paradoxically, their optics may well have been superior to those of the early compound microscopes which dominated this exhibition. Brian Ford, in his book *Simple Lens*, argues that Leeuwenhoek's simple microscope has been neglected in the official history of science, perhaps owing to its modest design (a child could construct one without too much difficulty).

The 20th century has been the era of the electron microscope, a breakthrough which transcended the optical limitations of previous instruments by using electrons instead of light to form the image, thereby allowing magnifications up to one million times, without loss of detail. Its inventor, Ernst Ruska, an honorary fellow of the Microscopical Society, warmly endorsed this exhibition shortly before his death last year.

What does everyday reality look like under an electron microscope? It is transformed into the strange and

hauntingly beautiful world which is the subject of the display. It is mounted by A. T. & T. Bell Laboratories.

"Microscopes" is a daring journey into the heart of matter, a collection which shows off high-tech photomicroscopy as an art form. Here, for example, is a magnified optic fibre, a glass filament capable of carrying thousands of telephone conversations, glowing in spectral colours with each shade revealing the carefully layered structure of the glass.

The crystal structures of many materials give stunning images under the electron microscope. There are "trees" of tin, feathery steel dendrites and a tungsten silicide "garden", while the molecular fingerprint of a superconductor - surely one of the materials of the future - is like psychedelic wallpaper. And here, at last, is one answer to that question beloved of young scientists: "But can we actually see atoms?" A photograph of what seem to be rows upon rows of golden sand-dunes depicts individual silicon atoms, magnified one billion times. Yet somehow this picture prompts more questions than it answers.

Equally fascinating is the chance to create your own image with one of the electron microscopes which are on open access. These magnificent - and costly - instruments, with their computer consoles and TV monitors, show just how far microscopy has come in the last 150 years. They have been set up so that anyone can use them, with just two controls. Start with a leaf, turn up the magnification and note first of all that there is no such thing as a smooth surface, for soon the screen is full of

ridges and hollows. Find a feature - the pores through which the leaf breathes will do - then zoom in. Magnification of 5000, and disappear right inside it. Then move to the next instrument and scan the landscape of the flu virus, or an ant's head.

For many scientists, these instruments are an essential part of their tool kit - as shown by the exhibits from a whole range of people who contribute to the art and science of microscopy. Many technologists ride on the back of the microscope. Kodak's pictures of the surface of their new film, enlarged 14,000 times, show just why it isn't grainy. A new type of electron microscope for use in satellites, made from silicon on sapphire and able to withstand the onslaughts of gamma and cosmic radiation in space, must be inspected microscopically for tiny flaws. On to more personal matters - microscopes inside the body reveal blood clots in an artery, and catch viruses doing their dirty work inside a cell.

The microscope is the universal instrument, one which has enabled advances touching upon many aspects of our lives. But maybe we have lost that fascination with the hidden detail of nature which made it so far from the ordinary public, for whom amateur science was an enthralling pastime. If this is so, then this exhibition affords a fine opportunity to step back into this mysterious world - at least for a short time - through the magic of the microscope.

1989. *The Year of the Microscope*. A special exhibition sponsored by the Royal Microscopical Society at the Science Museum, London, until January 31, 1990.

# Other-worldly Greens

Maurice Ash wants to purify the temple

CHRIST DROVE the money-changers from the temple, and we approve. By what right, we think, could such materialism have intruded into that sanctum of the spirit?

Yet there had been a time (at least in the world of ancient Greece) when, not only was business conducted in the temple, but the temple was constructed around it. That was when, prior to literacy, one's oath to a transaction was made on sacred ground.

The dominant fact about such transactions was their uncertainty, and a world of uncertainties was mysterious. A sense of the spiritual imbued that world, which was sacred. Probably it was literacy that marked the beginning of the end of that syndrome, for literacy encouraged the privacy in which the notion of individuality could take root.

Thus Plato's development of the idea of the immortal soul culminates in that very idea of the person, of the metaphysical self, that so ironically and paradoxically made the presence of individuality in the temple impermissible to Christians.

There can be no understanding of the present groundswell known as the Green movement without realisation of its spiritual drive. The concern for environment at the core of that movement is nothing but an assertion, once again, that the material and the spiritual are not of separate realms. This is because, in so far as the environment embraces all phenomena, it embraces ourselves also; and it was (and is) the separation of our selves from the world that made it so far from mysterious, but rather determinable and dispirited.

Now, however, with science itself telling us that the world is inherently uncertain, with the breakdown of validity in the separation of what is observed, and therefore with even the notion of the Self in jeopardy, a profound change of the Western mind-set is undoubtedly under way. At the core of this change is nothing less than the breakdown of the covenant between Adam and the world he was told to subdue.

This covenant lay in Adam's naming of the creatures of the world: that which he named them, that he trusted they were. But nowadays, in an

ever-widening circle of disciplines, there is a recognised divorce between words and the world. Things are not things, except in so far as they are not other things. All we have done since Adam, it seems, is to reify the world, and there is no substance to it, only process.

The language-animal is thus himself part of his environment. This is why the environment is not composed of discrete and measurable objects. Rather, it is a phenomenon of quality, not quantity. As such, the expression of it, of its form and pattern, is a matter of clarification, not of scientific explanation: a business of words, whose meanings are forever changeable with use.

Above all, the environment is not another object "out there," to be possessed, controlled and subdued. When people seek to do this it is

self-destructive. "lies outside the world." Nor is it the world itself that brings one up against these limitations; any form of life will do so. To think in terms of wholes (which, as well as to think, is also to feel) is to be aware of mystery. This is the spiritual fire that burns under our rediscovery of environment.

By the other side of the same token it indicates the growing scepticism, indeed cynicism, with which the Green movement watches the false certitudes of the old, reductionist paradigm of thought; not so much in science any more, but in social policy - and especially in the running-scare environmental concern of the moment. To satisfy the mechanistic simplicities of that mode of thought, a metaphysical concept of "the market" has had to be assumed, although this lacks all empirical verification; and levers like the rate of interest must then be pulled to achieve, by some unexplained alchemy, some quite unverified utilitarian psychology, a statistical result that is anyway devoid of human meaning. (This is why cost-benefit analysis of the environment is just this nonsense on stilts.)

One can't help feeling that a quick reading by former Chancellor Nigel Lawson of Schumacher's seminal chapter on Buddhist economics in *Small is Beautiful* would have saved our country a deal of suffering. Labour, Schumacher is simply saying, is more than a factor of production. Underlying all these follies of social policy, then, is our trust in the veracity of words and their empowerment.

No doubt this machine-like social world of ours will strive to continue so long as spirit can be kept separate from matter. But what the Green movement is asking is, by what right did matter displace spirit from the sanctum they call shared? And by what right has materialism reduced our world to disconnected fragments? Nor shall we rest until we have chased the moneyeists - they who think money is the measure of all things - from the temple of life.

Maurice Ash is chairman of the Green Alliance, an informal grouping of the major environmental bodies. Tel: 01-836 0341.

## PLANET EARTH



*'The spiritual drive of the Green movement must be understood'*

fraudulent environmentalism. Indeed, environment proper embodies mystery. This is because any environment is essentially incomplete, or limited. To reduce a whole to its parts - to think reductionistically, as has been our method of mastering the world - is, of course, to demystify it; but also only to know it, rather than - and the distinction is real because it involves love - to understand it.

# Cold comfort down below

Angela Wigglesworth on boffins who work in the Antarctic



Outlook cold . . . and getting colder

"WE HAD been aware for a year or two that things looked a bit funny," said Joe Farman. "But when you see something changing, you have to make certain that it is not artificial. We had to wait for the instruments down and make sure we were right."

Farman is a scientist with the British Antarctic Survey, and the "something changing" he refers to is the now notorious hole in the ozone layer. Although the most talked about, it is just one of the many projects being worked on by British scientists in the Antarctic.

The British Antarctic Survey originated in 1943 as "Tabarin", a wartime naval operation. After the war it was transferred to the Colonial Office, renamed the Falkland Islands Dependencies Survey, and in 1959 an office was set up in London under Vivian Fuchs. By the time of the International Geophysical Year of 1957-8, Britain had 14 stations in the Antarctic and 30 years ago this year became one of 12 nations to sign The Antarctic Treaty, which established that the continent should be used for peaceful purposes only, with free exchange of scientific information. Territorial claims would not be recognised, nuclear explosions and radioactive waste-disposal banned. A total of 38 countries are now members of the Treaty, which was ratified in 1961. A year later BAS adopted its present name.

With a staff of about 400 (including 200 based at the Cambridge headquarters) it now runs a programme of scientific research for the Government under the umbrella of the Natural Environment Research Council.

Funded by the Department of Education and Science (£14.5m a year plus an additional £5m spread over three years), it mans five stations, two ships and four aircraft in its 700,000 square mile Antarctic territory.

That is only a small chunk of a continent which is 53 times the size of Britain, and of which 99 per cent is buried under permanent ice up to five kilometres thick. The average temperature around the South Pole is -49C, although a Soviet station at the heart of the continent has recorded the world's record low temperature, of -89.2C. In the long winter there is little or no sunlight, and in the short summer the sun never sets. There are no permanent inhabitants, just 3,000 people (mostly male) from all over the world working on a temporary basis from 57 scattered centres.

At Cambridge there are six scientific divisions (Geology, Geophysics, Upper Atmosphere, Marine Life, Ice and

Climate, and Terrestrial, Freshwater and Life Sciences) and a seventh which deals with the logistics of getting people and equipment down to the bases. You can get to Britain by flying to the Falklands and taking a ship, or via Chile. The importance of the Falklands as a base in this respect is much over-rated, according to Charles Swinbank, a glaciologist with BAS from 1962 to 1986. "There are 20 countries now working in the Antarctic and no-one else uses the Falklands."

British scientists in the Antarctic are working on a variety of projects. They are researching the period, millions of years ago, when there was an entire "greenhouse world," with very small or no ice caps at all - rather similar to the world that present-day mankind fears may be on its way. They are studying the effect of solar flares on radio communications and on astronauts in satellites. They are studying the surge in the population of fur seals, which has been caused by the excess food available to the seals after over-fishing of whales.

In other fields, scientists are hoping to discover ways to help shift workers and those crossing world time-zones to adapt to different light/dark cycles; how human microbes are carried from one person to another; and what happens if carbon dioxide goes on increasing and ocean temperatures rise. The Upper Atmosphere Division has recently made a breakthrough with an over-the-horizon radar scan that

extends from the Antarctic to Newfoundland; geologists this year found the skeleton of a dinosaur. "When people go to the Antarctic they get an environment they have read about and seen pictures of, but can't really understand until they're actually there," said BAS deputy director Dr Barry Heywood.

BAS is cautious about sending women to the Antarctic. "We've had 43 years of dealing with problems of men-only bases," said Dr David Walton, head of Terrestrial, Freshwater and Life Sciences. "I don't think anything is likely to arise that we haven't already dealt with, and we know which people are likely to be suitable. But interviewing women is more difficult. Until we gain more experience, I think - because I'm a scientist - that the safest way is to go cautiously until we've proved the route for what we're doing."

However, there have been changes in the last few years. Women are now allowed to work on the Royal research ship *John Biscoe* and at the bases in the summer months, though not through the winter because this entails a two-year stint.

Dr Liz Morris, has helped break down some of the barriers. She is the first woman head of a BAS division (Ice and Climate) and the first British woman to be allowed to work out in the field. Last year she spent five months in the Antarctic, travelling for 67 days by skidoo and sledge with a scientist and a general assistant.

"The usual thing is to work in pairs, and there has been all sorts of arguments as to whether it's proper for one of the pair to be a woman," she said. "Now we have overcome a major problem in getting an agreement that men and women can share a tent, which is very important from a logistics view as separate tents mean a lot more weight in the plane. Women were also worried that the argument could be used to prevent their going. "The same problem still applies to the ships, which have four-berth cabins and where it is still the rule that men and women can't share. Luckily, I was sufficiently senior to get a single one anyway."

BAS spends its money "on science not frills," says one division head, but buildings are air-conditioned where necessary, are centrally-heated and have proper fitted-out bathrooms. "Shipping waste to the nearest neighbours on Rothera, the largest base, are the Argentines about 50 miles away. One of the major problems of working in the Antarctic is disposing of waste. The British are struggling to update their rubbish bases (some are 25 years old - Britain has been working continuously in the Antarctic longer than anyone else) and bring them into line with the excellence of the no-expense-spared South Korean buildings. "Shipping waste back to the UK is complicated and expensive," says Walton. "But if we want to keep the Antarctic clean for science, we do need to make sure that we are not polluting the things we are trying to measure."

However, Antarctica risks becoming a political football in an increasingly environment-conscious world. At present there is anger against the French, who are hunkering in a strip through the middle of a penguin rookery and blocking the birds' route to the sea. The idea of a completely protected Antarctica, scrapping a new minerals convention, is liable to be the major point of controversy in the next few years.

With the Antarctic Treaty up for review in 1991 most feel that there should be continuous evolution, rather than revolution. It was, one scientist said, the most democratic Treaty in the world: anyone could join and members represented almost 76 per cent of the human race. "What we are trying to do at BAS," said Walton, "is not only look back over 200,000 years to see what did happen with the earth's climate, but also to try to find ways of predicting what's going to happen in the next 50 years, so that we can give people adequate warning. Whether they take any notice is another matter."

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**IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION**

**No. 008400 of 1989**

**IN THE MATTER OF CFB INVESTMENT MANAGEMENT LIMITED**

**IN THE MATTER OF THE COMPANIES ACT 1985**

NOTICE IS HEREBY GIVEN that a Petition was on the 18th day of October 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £1,000,000 to nil by cancelling the 1,000 issued, and the 45,000 unissued, Ordinary Shares of £1 each of the Company. On the said reduction of capital taking effect the capital of the Company is to be increased to 20,000,000 dollars in the currency of the United States of America (hereinafter called "dollars") by the creation of 20,000,000 Ordinary Shares of 1 dollar each. The amount by which the issued capital of the Company is proposed to be reduced is to be converted into dollars and applied in paying up in full new Ordinary Shares of 1 dollar each of the Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London, on Monday the 13th day of November 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

DATED this 4th day of November 1989.

**LINKLATERS & PAINES (A.F.R.)**  
Barrington House  
59-67 Gresham Street  
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Solicitors for the Company

**LEGAL NOTICES**

**No. 006498 of 1989**

**IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION**

**IN THE MATTER OF CAMBION STREET INVESTMENTS PLC**

**IN THE MATTER OF THE COMPANIES ACT 1985**

NOTICE IS HEREBY GIVEN that a Petition was on the 18th day of October 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above named Company.

AND NOTICE is further given that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 20th day of November 1989.

ANY Creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of share premium account should appear at the time of hearing or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the under-mentioned Solicitors on payment of the Regulated Charge for the same.

Dated this 31st October 1989

**Offices of the Company**  
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**Ref: RWC**  
Solicitors for the Company

**No. 006396 of 1989**

**IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION**

**IN THE MATTER OF CREDIT SUISSE FIRST BOSTON UK (HOLDINGS) LIMITED**

**IN THE MATTER OF THE COMPANIES ACT 1985**

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AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London, on Monday the 13th day of November 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account and reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

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**COLLECTING**

**British art is right back in the frame**

Home-grown works are gaining value, says Antony Thorncroft

**D**ON'T PUT your faith in share certificates: spend your spare cash on a picture. That is the strenuous cry of the salerooms and dealers and they have managed to convince a growing number of the new rich to start collecting.

The most obvious market for their money is British art of the last 100 years; they are plentiful, they are reasonably cheap, they seem to be a good investment, they are understandable, and, damn it, they are British.

After years of self-abasement the feeling among the experts is that British art of the 20th century can hold its head up with anything from France or the US.

It doesn't yet match in price terms perhaps, but certainly in quality and variety.

So far, apart from patriots, only a few Americans have been convinced of this artistic flowering, and they prefer undemanding artists like Munnings, but one attraction of this lack of recognition is that you can buy a British minor masterpiece for a tenth of the price of an average French Post-Impressionist.

Christie's is selling one next March, a Resurrection Triptych by Stanley Spencer which should make £500,000, a record for him. In the meantime there are good sales next week at Sotheby's, Christie's and Phillips, and more sales are progressing from selling Victorian paintings (out of favour) to explore the treasures among more recent British paintings.

Spencer is currently much appreciated and on Wednesday Sotheby's offers a good example of his almost manic religious obsession *The Sabbath Breakers*, estimated at up to £120,000. Janet Green, who heads the Modern British department at Sotheby's, reckons that the market is still buoyant, with prices at least 10 per cent up on a year ago.

Her most recent, second division, auction in September attracted 16 new buyers and next week's is one of her best with good examples by artists who have recently moved into fashion — Paul Nash, Ivon Hitchens, Matthew Smith from the 1930s and onwards, and Keith Vaughan and Carel Weight from the 1950s.

For example Carel Weight's impression of evening at Waltham Green in west London in the 1950s, which would have carried a £5,000 top estimate three years ago, is now expected to reach £20,000, and not only because Charles Saatchi has started to collect him.

And while one English school of painting, Newlyn,



St Stanley Spencer's "The Sabbath Breakers" which is expected to fetch £80,000 - £120,000 at auction

marks time (partly because investment buying over inflated the price of artists like Dorothea Sharp, but also because the best examples are now locked away in collections) a later flourishing centre, at St Ives, is in full flood. Fifteen abstracts by Patrick Heron and Terry Frost could sell for up to £25,000 and £15,000 respectively as against £5,000 or less in the mid 1960s.

Christie's on Thursday and Friday also offers much good stuff, including a group of early Munnings, painted in a free style before 1910, and much less expensive than his later work.

Another interesting collection is sent for sale by the School of American Ballet and includes a portrait by Lucian Freud of Lincoln Kirstein who founded the School in 1933 (estimate up to £50,000).

There are also good examples of paintings by fashionable artists such as Hitchens, Yeats (Irish art is the rage) and William Scott, all of whom

very pretty but when they topped £200,000 dozens materialised from nowhere and prices have eased. Other artists in over abundant supply include Bernard Dunston and Ken Howard.

Dealer Austin Desmond, which sells art mainly priced below £10,000, has notched up sales of £400,000 in the last six weeks. Its current show of Terry Frost's works on paper is over half sold out and, as Bill Desmond says, "we can't sell enough of Keith Vaughan."

At David Messum the current show of Wilfred de Glehn, an artist equally at home with landscapes and portraits, is also doing well, with ten of the 25 pictures sold, at prices from £25,500 to £125,000. Landscapes by de Glehn that fetched £15,000 four years ago now sell for £70,000 and a decorative portrait will show a greater appreciation.

Like many dealers Messum is moving on from Newlyn to trade in the British art of the 20s, 30s and 40s. To some extent the market depends on what is available: there is little from the short-lived and exclusive Camden Town School so in spite of its quality it will never be the rage, but Bloomsbury was prolific and later artists like Hitchens and Lowry also had long and busy creative lives.

The market is out as buoyant as it was a year ago: it is certainly more selective, although loath to buy names rather than quality. For example a still life by Bloomsburyite Vanessa Bell painted near the end of her life in 1955 sold at Sotheby's in May for £12,500 as against just £4,500 for the same canvas a year earlier. To a specialist, aware of the superior quality of her earlier work, such a price seems almost shocking.

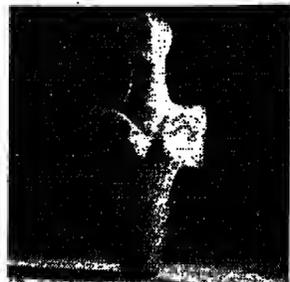
As for overlooked artists, Jonathan Dodd of Waterhouse & Deane, whose periodical, the Fine Art File, has become an effective sales weapon, points to the naive artists of the 1940s, whose world now fills us with nostalgia. A folksy painting "The Champion" by the unknown James W. Tucker, showing a man taking his monster cabbage to the annual show, sold recently at Sotheby's in Chester for £46,200 as against a £3,000 estimate.

As more collectors enter the field and trust their own judgment on good colourful paintings will win out over the more mundane output of the names. And if you want to take a gamble, the work of the Kitchen Sink School of the 1950s, (Grady & Co) is still cheap, especially their rather ugly nudes.

The Scottish colourists have temporarily peaked: flower paintings by Poploe may be

**IDOLS**

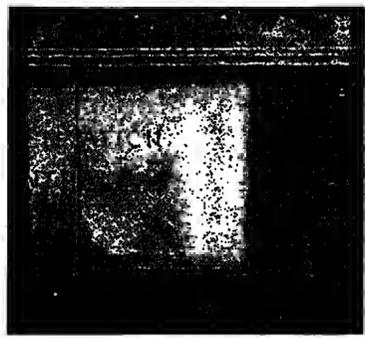
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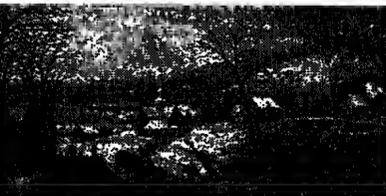
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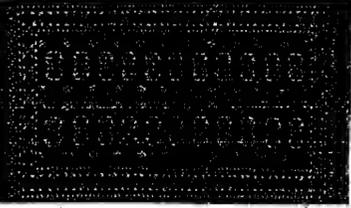
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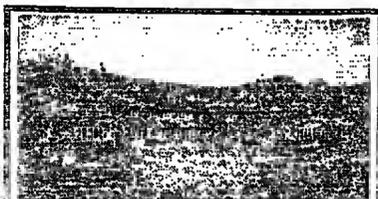
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PROPERTY

A job that sounds so easy to do

John Brennan looks at the work done by relocation agencies and businesses

**I**T SOUNDS so easy to do. People call and ask you to look for a house for them. You potter around to the estate agents, view the selection and draw up a shortlist. Your mover clients save many wasted inspection trips, and you not only make a little extra cash by using your local knowledge, but also provide a service that helps to ease the trauma of changing home.

This idealised image has won for homesearchers the right to appear in those expansively-positive guides that promise: "Several Hundred Ways Of Making Extra Money Without Any Capital". It's anyone's guess how many people have entered the search business from one of those guides.

One reasonable certainty is that those whose only preparation for entry into the search business is to put an advertisement in a newspaper and sit hopefully by the telephone are unlikely to be included on Tad Zurlinden's list. Zurlinden, as the administrator and sole full-time official of the Association of Relocation Agents (ARA), does tend to twitch at the cartoon image of the totally amateur solo homesearcher.

Yet a fair number of the most active relocation agencies did start, and remain, as one or two-person, part-time businesses. It is not the size of the search group but its standards of competence that he is concerned about. "A lot of people think that it must be easy enough to set up a home search service as a part-time job that they can do from home," Zurlinden says. "In practice, the ones who have the greatest chance of success are those who already have some form of property-oriented background."

As for his list of would-be homesearchers, that extends to 620 people who have written, or telephoned, over the past 18 months asking him how to become a relocation agent. The inquiry rate has dropped off in line with the state of the housing market, yet he still reports receiving a couple of hundred "how-do-I-get-started?" calls since the beginning of this year.

would-be home hunters who may never have heard of the 3 1/2-year-old association, and the number who will have decided to plough along without Zurlinden's thoughts on the matter, being paid to help people find their ideal home has clearly fired many imaginations.

In Zurlinden's experience, a good proportion of inquiries are from mothers at home with children who see homesearch as a way of restarting a paid career. Another group are retired people who area keen to make use of their free time. Otherwise, says Zurlinden, "they run through the range of people with property connections of some sort: surveyors and solicitors, former estate agents, and former property management people."

Specific property experience helps for those interested in ARA membership. To join its lists, relocation consultants have to be able to show evidence of having traded competently already. "It is impossible now to become an associate member if you are totally green," says Zurlinden. Those who are accepted as associates get elected to full membership if they pass muster after being vetted by the ARA's Council, which is made up of active members.

"The ARA's roll is 80 associates and 85 full members," Zurlinden says. There were the same number of full members and just 60 associates last year. But the figures mask a wider change. Zurlinden says that in the past 18 months "we lost about 18 or 19 members and

but for tightening up of the rules by creating associate membership, there would have been about 100 or so extra members."

"A lot of those are people who would not have been trading for a long time and who came into relocation on the crest of the wave in 1987-88. Now that the crest has broken, and its not so easy to look for business, a good number of those are likely to have dropped out this year."

For the association, the loss of those short-lived relocators has been countered by drawing in people who have said: "We won't be a member of this association until it proves itself."

Zurlinden says: "We are beginning to draw in some of the people who have been at it for three, four or five years and

we are drawing in the corporate relocation management companies as well as the independents."

"Roughly half the ARA member businesses are either sole traders or two-partner operations; the rest are the company movers, the largest of whom can organise every aspect of a corporate relocation for the business on the move as well its staff. There is an obvious market for that end of the trade, although UK businesses have been slow to follow their US counterparts in reaching for an outside relocation specialist if they shift single staffer across country or abroad, or if they move an entire plant."

"In general," Zurlinden says, "relocation is still an unfamiliar service. Companies that

have used relocation agents to deal with re-housing staff, helping people to get information about an area before they move, about schools, and transport as well as housing, realise that it makes a move much easier all round."

Adding local knowledge to a long-distance home search can help to make sense of values. "People go rushing off thinking that they are going to get the most fantastic 'buy' and the relocation agent in the area is able to tell whether that house has been an most amazing bargain for as long as people can remember."

Zurlinden estimates that there are between 400 and 500 relocation agencies across the country, although no one can say how many of those have been able to remain active through the quiet housing markets of 1989. There are two relocation agency organisations these days for those keen to track down a home-tracker, or keen to join their ranks.

An acrimonious split amongst the early members of ARA led to the formation last year of the Relocation Services Institute, which is smaller in terms of membership and which takes a higher profile approach to the need for professional training.

It may seem absurd to have two rival organisations representing a business that, in Britain, has barely advanced to the toddler stage, particularly since there are relocation groups that are members of both organisations. But the friction created by the ill-defined disagreements has helped to improve and to police the standards of competence and service provided by their respective members.

So both clients, and the long-term reputation of the relocation business in the UK, have probably benefited from last year's mini civil war.

The RSI has four regional contacts: 0306-880220 in London and the south-east; 0568-5217 in the Midlands and Wales; 0225-81426 in the south and west; and 0423-872544 in the north and Scotland. Zurlinden's central office for ARA is at 105 Banover Street, Edinburgh, EH2 1DJ (Tel: 031-220-2505).

COUNTY Donegal's position at the north-eastern corner of Ireland makes it one of Europe's havens of historic property values, writes John Brennan. The comparative isolation attracts as many as it deters although the county's long border with Ulster, and the fact that the geographical region's prime city wears two names, Derry or Londonderry (depending on which side of the political divide you stand), deters many more. Yet, as Pat O'Hagan, of Dublin agent Hamilton Osborne King, says: "While many people do get to thinking that anything North of Dublin is 'injun' country,' people in the county really don't come across any of that. If they are hying in Donegal, they do so to get away from it all - and it is one of the places where you can still do that." Carrablah House, facing east to the inlet of Lough Swilly 10 miles from Carrablah on the Donegal coast, is a prime example of a classic six-bed Georgian country house. Its out-houses, walled gardens, private beach and cove stand in 80 acres of mainly wooded cliff-side. The beach can be used for longer than a cursory glance at the weather charts for Donegal might suggest because the lough benefits from the mild influence of the Gulf Stream. For that reason, it was possible for an Irish botanist to lay scenic gardens with azaleas and rhododendrons. Carrablah is now owned by a German family, which has modernised and redecorated the house. Now, Hamilton Osborne King (Dublin 760-251) and Sothely's International Realty (London 468-5196, New York 606-4100) are offering the freehold of the estate for £150,000.



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BOOKS

An amateur venture into a dark interior

J.D.F. Jones reviews a biography of the explorer, H.M. Stanley

STANLEY: THE MAKING OF AN AFRICAN EXPLORER by Frank McLynn



Stanley, with his gun-bearer and servant Kalulu

THE EXPLOITS of the Victorian explorers of Africa a century ago were the great bestsellers of the day. Their counterpart in the 1980s would be - what? An astronaut's autobiography? A TV personality's month among the rhinos?

macy... Humiliated, unloved, despised and feeling himself the unworthy recipient of any apparent attention, Stanley constantly turned to African exploration as a means of re-establishing his identity...

does not do justice to Mr Hall; again and again his narrative is inferior (for instance, his scamped account of the four months on the Lower Congo when the exhausted party covered only 180 miles) and his reliance on Hall's investigations (e.g. the discovery of the diaries of Stanley's lieutenant, Frank Pocock, or the romance with the teenage Alice Pike) is unacknowledged.

Secondly, McLynn has little more to offer beyond some strenuous analysis of Stanley's motivations, based on speculation about the nature of his early experiences in the St Asaph workhouse and such like. To quote: "Stanley in his oscillations between opposite polarities - sadism/masochism, homosexual/heterosexual - clearly manifests a schizoid personality disorder. The schizoid personality typically combines a desperate need for love with an equal fear of inti-

Wiping the egg off her face

LIFE LINES by Edwina Currie Sidgwick & Jackson £13.95, 270 pages



Edwina Currie: no good cliché left unclinked

"THE TELEPHONE rang, and rang again." The words are not, as you may think, the start of a Jeffrey Archer novel, but the first paragraph of Edwina Currie's autobiography. They give the reader a fair warning of what is to follow.

touch of pomposity, arrogance or tactlessness we hear not much either from the secret soul of Edwina Currie herself. Wearisome accounts of departmental health campaigns, spattered with statistics, occupy eight of the ten chapters. Drink, drugs, cancer, AIDS, hypothermia, breast feeding, child abuse ("deflowered toddlers" according to Mrs Currie), postnatal depression: it is all crammed in here like some heartless Sunday supplement. If, like Edwina, you are a media star writing a fat book costing £14, you really ought to give better value.

when she made the fateful remark to television that "most" of Britain's egg production was infected with salmonella, most of us (or should I say "many"?) at the time suspected that Mrs Currie was right. Subsequent revelations about the disgusting habits of chicken farmers, who were forcing their flocks to eat ground-up hen remains, suggest they had no right to squawk so indignantly when

the evidence was already against them. Why did Mrs Currie write this book? She says it was inspired by the routine exchange of letters and resignation. In other words, it is a long essay in self-justification suspended from a footnote of modern political history. By the end, Edwina has even become grand: "The lot of I, decided in the dark hours of the night, this lot I have to put on record. I served under three secretaries of State... all with their own strengths, all different: I saw a revolution taking shape in health care... The ministers on the Department of Health are good and competent. They have the interests of the nation's health, and its health service, at heart. I have every confidence in them."

When Guinness wasn't good

MORGAN GRENFELL 1838-1988: The biography of a merchant bank by Kathleen Burk Oxford £20.00, 348 pages

MORGAN Grenfell's 150th anniversary last year could hardly have come at a worse time. The merchant bank was swirling in the wash of two of the worst scandals it had ever known - Guinness and the Geoffrey Collier insider trading affair - and the celebrations were, to put it mildly, half-hearted.

That Morgan still finds the events too painful to analyse (which one can sympathise with), but that so much else that happened in the 1980's and had such a strong bearing on

her preface. The book is, thus, almost exclusively of historic interest, which is a further pity since few City institutions evolve and change quite so much as merchant banks, and many people without long City memories will be unable to connect the Morgan they read about here with the one they know today. Yet there is much in Morgan's history which has considerable relevance to what we see in modern-day interna-

20th century phenomenon should know just how much business was conducted on the banks of temuous trans-Atlantic links 100 years ago. If there is a message in the book, it is that merchant banks know what it does you no good at all to be right. Edwina Currie's ambition may be to get back into government. I think she is better at bodice-rippers.

Morgan's development is sacrificed as well: its extraordinary success in corporate finance, the decision to become a publicly listed company, its strategy towards the Big Bang, and its most recent decision to pull out of the securities business and become a specialist house once again.

One senses the frustration of Mr Burk, the Imperial College history lecturer who was commissioned to write this book with the promise of wide editorial freedom. "In the end we all agreed that, for now, a brief Epilogue is best," she writes in

But then under Sir John Stevens and his successor Mr Bill Mackworth-Yung, Morgan put on a fresh burst of speed and by the late 1970s had become one of the most highly regarded houses in the City. Significantly, the break up of the "family" ties with Morgan Guaranty and Morgan Stanley in the US in 1981 was no loss: if anything it forced Morgan to find its own feet in the world - which it duly needed, to cope with the events which were to engulf it in 1986.

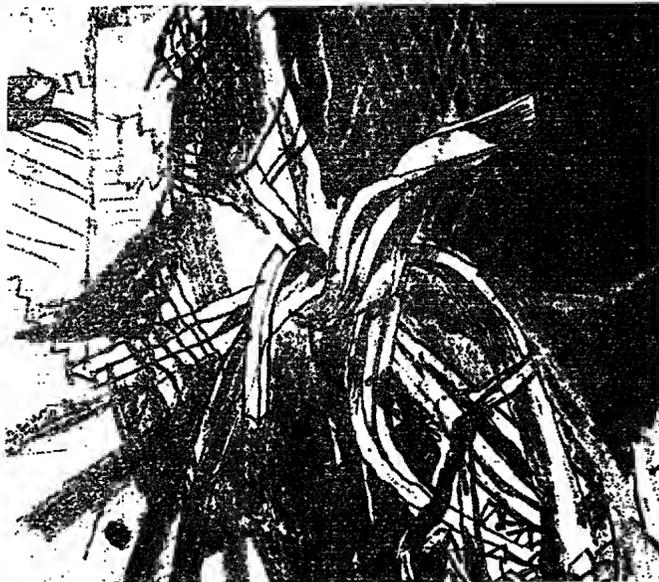
David Lascelles

BOOKS

ANDREW SINCLAIR was pushing four when the Second World War broke out in 1939 and he was still the right side of 10 when it ended. He does not therefore have any personal memories of the extraordinary cultural efflorescence in literature, in painting, in music, in film, that occurred before and after the bombs fell. But like several writers of his generation he is conscious of the legacy passed on from that time. In *War Like A Wasp* and its companion volume *The War Decade: An Anthology of the 1940s* he has tried, through wide reading and the testimony of survivors, to reconstruct the ambience of that period. He pays tribute to an era more often honoured by a nebulous yearning for what never was than any discerning appraisal of its real and permanent achievements.

Sinclair is at heart a social historian rather than a literary critic. As readers of his study of Prohibition and his novels will know, he has used the weapon in the broad brush with which he blocks in huge swathes of generalised experience. He is a writer who manages to communicate a never-ending sense of restlessness, like the roving eye of a filmmaker at a party. As it happens this underlying uneasiness, impatience almost, suits his material rather well: much of it would simply not be worth dwelling upon at any great length. But a quotation here, a reference there, followed by a few biographical facts about some forgotten poet, painter or film-maker of the time, serves to sketch a vivid picture, made out of the manifold responses to the various phases of the war.

What we had forgotten, or perhaps never realised so clearly, is how extraordinarily well-documented those responses were. As John Bayly put it at the time: "war like a wasp under a warm apple rose" to sting the unwary. This initial sting inspired many who had been part of the huge silent majority to turn into many poets, diarists and short-story writers. The anticipation of war, the anti-climax of the early days, Dunkirk, the Blitz, factory-life, army-life, shipboard-life, ground-crew-life, regimentation, separation, the desert, Cairo, the interminableness of the war followed by its abrupt end, the spivdom that succeeded it and the final fantasy, the Festival of Britain, were chronicled with zest by a collection of part-time scribes. Some but not all were in uniform, writing under impossible conditions. Much of the work has long since gone out of



Detail from Graham Sutherland's 'Devastation: City, Twisted Girders, 1941'

## Bohemian boozers in wartime Soho

Anthony Curtis on a book which recalls the flowering of literary talent as the bombs fell

print. Making an admirably wide sweep, Sinclair performed a notable service in resurrecting the best of it in his anthology.

If he has an explanation to put forward of how this flowering came about, it is that it had its vibrant centre in wartime London, particularly the pubs of Fitzrovia. The name derives from the Fitzroy Tavern in Charlotte Street near to Fitzroy Square, who seems to have watered-hole of pre-war bohemians. Andrew Motion in his triptych biography *The Lamberts* revealed how Constant Lambert and his cronies formed the habit of repairing there of an evening before and after he had been conducting; but as Hugh David pointed out

in his *Fitzrovians: A Portrait of the Fitzrovia Society* - available from Sceptre Books at £4.99 - by the middle of the war everyone who was anyone had moved on towards Soho. The Fitzrovians really ought to be called the Rathboneians because now it was The Wheat-sheaf in Rathbone Place where everyone went. However this question of nomenclature hardly matters because, as David puts it, Fitzrovia was not so much a precise location as an attitude of mind.

And it is this attitude - a sense of conversation generated under steady, at times excessive, alcoholic intake at the supreme performing art - which Sinclair sees as the key to the whole thing. He may be

right. Many of the best poets and writers of the period like Dylan Thomas, George Barker, John Heath-Stubbs, Paul Potts, David Wright, were dedicated Fitzrovians; on the other hand there were a lot of excellent poets who wrote some of their best work during the war like T.S. Eliot, Edith Sitwell and E.J. Scovell who would not have been seen dead in The Wheat-sheaf. The novelist Henry Green, who seems to grow in stature with each fresh book about the period, was never a Fitzrovian; nor was Orwell, far from it.

But Sinclair's point is really that the mere fact that this demi-monde existed to which anyone with the patience to listen, and a reasonable head for

WAR LIKE A WASP: THE LOST DECADE OF THE FORTIES by Andrew Sinclair. Hamish Hamilton £17.95 321 pages

THE WAR DECADE: AN ANTHOLOGY OF THE 1940S compiled by Andrew Sinclair Hamish Hamilton £20.00, 332 pages

liquor, could go to try to make his or her mark, had a kind of Athenian impact on the literary world as a whole.

The bohemian boozers sustained a dialogue about the nature and practice of art - the magicalness of art, as Francis Bacon used to say - which lasted for the whole of the war, and was echoed in many different centres and in the pages of the hundreds of little magazines that flourished in spite of paper rationing. While recalling forgotten journals like Reginald Moore's *Modern Reading* and Charles Wrey Gardiner's *Poetry Quarterly*, Sinclair acknowledges that the chief outlets for creative writing were John Lehmann's *Penguin New Writing* and Cyril Connolly's *Horizon*. The one truly tiresome aspect of Sinclair's account is the smear campaign against Connolly's reputation as an editor and critic that he conducts on the side.

Connolly may have been a clown but he could write rings around most of the people Sinclair mentions. As an editor of genius, it was Connolly who spotted, among dozens of others, J. Maclaren-Ross and published his first story in *Horizon*. This curious customer was invalided out of the army about which he wrote some excellent stories. He was a film-huff, a fluent French-speaker, a former vacuum-cleaner salesman, and the self-appointed doyen of The Wheat-sheaf. He is given a starring role by Sinclair in his recreation of the period, and Maclaren-Ross would surely have regarded it as nothing less than his due. He was there in place in the saloon bar every night until closing-time. If you went in early, soon after the place opened, you might see him sitting at one of the tables, finishing off some work in his curious minuscule handwriting, before the evening's serious drinking began. A collected edition of his stories, to put beside his *Memoirs of the Forties* on which Sinclair draws, would be an enjoyable book to have.

# The brains behind the small screen

Christopher Dunkley reviews autobiographies by two of the most familiar faces in television

GRAND INQUISITOR by Sir Robin Day Weidenfeld & Nicolson £14.95, 296 pages

STORM OVER FOUR by Jeremy Isaacs Weidenfeld & Nicolson £14.95, 215 pages

speaking; that he has a rich and appealing sense of humour.

This emerges powerfully in his account of his early life at school, in the Army - he served initially in the West Mersea Home Guard and claims that *Dad's Army* is to him not a sitcom but a



Jeremy Isaacs

documentary - and at Oxford. But all this is, unfortunately since it is highly readable, packed into 60 pages leaving the other 220 for television.

It is well known in the business that Day has not always been happy in his work. As willing to be honest about himself as about others, he believes he has been undervalued, and under-rewarded. But what this book reveals with fascinating clarity, though lamentably few specific details, is what he calls the BBC's "absurd and wasteful doctrine" of "separation between producers and reporters, between the bureaucrats and the broadcasters."

Down on the gunlocks what this meant was increasing tension between "old sweets" such as Day (like Robert Keen, Ludovic Kennedy and other front men he has only ever worked as a freelance) and the "young whippersnappers" who were entering the business from university and taking jobs as producers prior to climbing the bureaucratic career structure. Day writes: "After an exasperating month-long assignment with a Panorama producer in the early seventies, I vowed never to make a television film again. Nor have I done so." He has stayed in the studio where power is more evenly balanced between preceptor and producer.

Even so he was not entirely content. He criticises the policy of *Question Time* producer Barbara Maxwell of practising "positive discrimination" on behalf of women panellists, saying that this means they are liable to be chosen not because of their experience, reputation or personality, but simply because they are women. And he deplores the way in which recent political leaders and their advisers have

deliberately devalued "the ancient Socratic method of imparting or gathering information by the process of question and answer."

If, in the end, Day has rather too much respect for upholders of the status quo and too little of the constructive doubt about our constitution expressed by people such as James Cameron or, indeed, Hugh Green. One must remember that in the first place Day trained not as a journalist but as a barrister. Jeremy Isaacs, on the other hand, has always stared Greene's instincts, and in his book declares that Greene gave us the BBC's "finest hours of programme creativity and broadcasting élan."

It is to be hoped that Isaacs regards *Storm Over Four* as chiefly an end-of-term report, which is the way some of it reads with its thumbnail appreciations of Mike and Andy and Liz and all the other chums at Charlotte Street. There is, surely, a more important book for Isaacs to write, covering his whole career in broadcasting.

The explosion in the mass media observation business began at just about the time Channel 4 was being formed, and no previous undertaking in television has been so exhaustively recorded. So what does *Storm Over Four* tell us that we did not know? That Alastair Burnet may have been considering fronting *Channel 4 News* but Isaacs would not have him. That Isaacs wanted *Right To Reply* to belong to the viewer, not always to give producers the right to answer back. That Isaacs got on badly (?) or very badly (?) or disastrouly (?) with his chairman, Edmund Dell.

What the book notably fails to do is break out of the circle of mutual admiration set up by British intellectuals and foreign broadcasters, virtually none of whom ever sees television as it comes into the average British sitting room, and explain the simple but effective trick practised by Channel 4. It is true that the channel shows a lot of minority programmes, and true that it attracts eight or nine per cent of the audience - but the two have practically nothing to do with one another.

No American reading this book with its enthusiastic descriptions of *The Friday Afternoon, The Evening Hour, Zastrozzi* and so on would believe you if you pointed out that the current Top 10 titles on Channel 4 comprise two episodes of the soap opera *Brookside*, two American sitcoms (*The Golden Girls* and *The Wonder Years*) two even older American imports (*The Waltons* and *Hope*) three game shows (*Fifteen To One* twice plus *Sticky Moments With Julian Clary*) and the consumer affairs series *What It's Worth*.

These programmes (plus a larger proportion of American imports than any other channel not only in Britain but in Europe) won the channel 7.6 per cent of the audience. And how many people were watching the famous minority programmes that all the talk is about? Who knows? Their audiences are so small they do not even get into the bottom of the Top 30 list. Perhaps this is the only way that such minority series can be interesting, but if so it would be interesting to know from the man credited with having created the channel.

## NOVEMBER FICTION

POLAR STAR

by Martin Cruz Smith

"GORKY PARK was only the beginning... Asky Ronko is back. 'A spontaneously good book' Sunday Express. 'Not merely the work of our best writer of suspense, but of one of our best writers, period' New York Times.

Collins Harvill £12.95 Hbk

THE DEVIL'S MODE

by Anthony Burgess

"With his usual panache, Burgess straddles time, space, sympathy, the real and the fictional; his stories are full of parables and institutional pretexts... he seems usually at home in whatever mode he chooses." (Financial Times)

Hutchinson £12.95 Hbk

THE VISION OF ELENA SILVES

by Nicholas Shakespeare

"A tale of the clash of love and idealism, religion and revolutionary communism set in the American frontier of Peru. The poetic force of the telling triumphs." (Financial Times)

Collins Harvill £12.95 Hbk

SONG AT TWILIGHT

by Teresa Waugh

"Song at Twilight walks the path of late Victorian Romanticism for Prudence, a retired schoolmistress, a novel which is funnier and more human than most." (Financial Times)

Hamish Hamilton £11.95 Hbk

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## Full of intellectual pranks

SHORT STORIES such a magpie imagination such as Anthony Burgess's, allowing him to shift about in time, space, mood and experience. The intensely strong literary presence which in a long narrative can become mesmeric, even exhausting. In short bursts seems exhilarating. The short stories in *The Devil's Mode* vary in intensity, and certainly in content.

Nearly 100 pages are taken by a novella called "Hun," which treats the story of Attila with Graves's modern seeming realism: here, eye-witness prose. King Arthur's sword from Any Old Iron turns up as originally little more than a story, and one other, brings people from the past together who probably never met - Shakespeare on the equivalent of a British Council goodwill tour in Spain meets a poor Cervantes (both died on the same day, not long after); Browning, Debussy and Mallarmé, with others en route (Shaw, Proust, and more), meet in Dublin. Debussy to break musical history on a brothel piano, Browning to seek Hopkins, who has just died, to confess that he mercy-killed his suffering wife and hated her poetry.

Hopkins turns up again as Sherlock Holmes's Greek master at Stonyhurst in a pastiche called "Murder by Music," with musical clues more intricate

THE DEVIL'S MODE by Anthony Burgess Hamish Hamilton £12.95, 271 pages

ON THE GOLDEN PORCH by Tatyana Tolstaya translated by A W Bouis Virago £12.95, 199 pages

SONG AT TWILIGHT by Teresa Waugh Hamish Hamilton £11.95, 164 pages

than Conan Doyle ever thought up. Does nothing escape Burgess's erudite net? To Watson's dismay, Holmes chais in Stonyhurst slang.

A couple of Maugham-like stories have Englishmen in the Far East; Der Rosenkavalier is retold; Hamlet and Horatio, unnamed students, are called away in mid-lecture by a family bereavement followed by a shockingly quick wedding. With his usual panache, Burgess straddles time, space, myth, the real and the fictional; his stories are multi-layered, full of parables and intellectual pranks, and he seems totally at home in whatever mode he chooses.

A translation can't be judged without the original, of course, but Tatyana Tolstaya's short

stories in *On the Golden Porch* are to be turned into a novel, even rosy, vibrant English. Extraordinary in dealing with the ordinary, they show how anything at all can be made the stuff of fiction and become exciting, meaningful, luminous.

All the stories are intense in style and feeling, full of brilliant, exhausting people, mainly women, who talk their heads off and react excitedly to everything. Why, though true to our sense of what's Russian, do they seem unlike what we think of as citizens of the USSR?

Partly because the huge and terrible events of the past 70 years are sidestepped (Sonya's letters are overwhelmed by the siege of Leningrad, but that is an exception); partly because so many of the artefacts of life seem to belong in an earlier age; partly because the present and her increasingly warm feelings for Eric.

At first it seems unambitious, low key, almost naive; but cumulatively it makes a light novel which is funnier and more human than most which aim at lightness (and often achieve triviality). Prudence knows her limitations and keeps within them: the result is deft, almost Barbara Pym-like.

Isabel Quigly

## History: the final fiction

HOLLYWOOD is the latest instalment in Gore Vidal's long-running "biography of the United States," which began with *Washington DC* and continued with *Burr*, *1876*, *Lincoln* and *Empire*. Up to *Lincoln* there was real engagement, although *Empire* betrayed a sense of what would become more obvious in *Hollywood* - a tendency to dot the i's and cross the t's, a gossipy concentration on physical mannerisms.

*Hollywood* begins, as *Empire* finished, with William Randolph Hearst. In *Empire* Hearst was ticking off the 28th President of the US, Theodore Roosevelt had just told him that "true history" would decide which of them was the more influential. "True history" says Hearst. "Is the final fiction. I though even you knew that" - a comment which has an ironical bearing on the power of Hollywood's version of history.

At the beginning of the new book, Hearst lowers his "vast

bear-like body" into a Biedermeier chair and breaks it. He is talking with a character we know well from *Empire*, Blaise Delacroix Sanford. Sanford is Hearst's employee and the publisher (with his half-sister Caroline) of the *Washington Tribune*. Caroline Sanford - granddaughter, incidentally, of the illegitimate Aaron Burr - becomes a movie star under the name of Emma Traxler. Hearst and Sanford are talking about the validity of the "Zimmermann telegram" which, along with the sinking of American ships by the Germans, will bring America into the war.

The date, in other words, is 1917, four years into Wilson's administration - so why has Vidal subtitled *Hollywood* "a Novel of the Twenties"?

Perhaps it continues into the reign of Calvin Coolidge - "that dreadful little creature in his dreadful two-family house." But no, the book actually ends with the death of Warren Gam-

HOLLYWOOD: A NOVEL OF THE TWENTIES by Gore Vidal Andre Deutsch £12.95, 543 pages

Harding in 1923 and Coolidge only gets a foot on the stage.

Why also, for that matter, is the novel entitled *Hollywood* - apart from the fact that it is eye-catching? Although movie stars and "photo-plays" as they were then called appear in it, they are not at the heart of the book. The heart is, as always, politics, the politics of one of the corruptest periods in American history.

Harding, the handsome small-town journalist from Marion, Ohio, was by all accounts a likeable man but he gave his friends cabinet appointments without inquiring too closely into their characters.

Fall, Denby and Daugherty

in particular were implicated in many shady deals, the most notorious of which was the Teapot Dome scandal, the subject of Upton Sinclair's *Oil*. When Vidal gets into the intrigue of caucuses and political bargaining in smoke-filled rooms, the pace quickens, the style gets tauter. He is at home.

Ironically, considering its very American subject-matter, *Hollywood* appears first in Britain rather than in the US. Previously Vidal's books have been published first in his own country. One racks one's brains for the reason.

Could it be the court which the British press and television pay to Vidal?

Practically everyone who is anyone between 1917 and 1923 appears in the pages of *Hollywood*. It's rich, readable stuff, and only Vidal could make it all work.

Geoffrey Moore



MOTORS

# In Japan, let the train take the strain

Stuart Marshall, at Tokyo's motor show, thinks cars will soon be more intelligent than drivers

LET NO ONE say the Japanese lack a sense of humour. Take the theme picture for the 28th Tokyo Motor Show, now drawing to a close. It is of a girl perched on the back of a small which has a shell made from a car tyre.

Why it may be, but it is an apt comment on the motoring scene in Japan.

In the towns, traffic thrombosis rules. The fiendishly expensive expressways (£2.75 for the 30km from the showground at Makuhari to Narita airport) cori like steel and concrete snakes above Tokyo. They are speed limited to 100 kph (62 mph) and clog into endless tailbacks at the tollbooths.

The only sensible way to get around is by train, built for long distances, and ways for urban journeys. They are fast, spottish and unfailingly punctual.

When you look at the road conditions, it's hard to understand why the Japanese people's love affair with the motor car blows as hot as ever. This year, they will buy 3.8m of them (plus another 3m or so commercial vehicles).

But at least, a realistic official test policy ensures the scrapping rate is high. You simply don't see rusty old bangers in Japan. When they are five years old the cost of making them fit to pass the test is so high most go to the crusher.

Why do the Japanese buy so many cars, including an increasing proportion of medium and large sized, higher horsepower models? Rising incomes and lower taxes (not least those on imported cars of quality) is one reason.

Another is the astronomical price of building land, which means that home ownership is simply not an option for most middle-class Japanese consumers. Instead, they buy themselves a fancy car, which shows them to be individual, not conformist, and demonstrates their affluence.

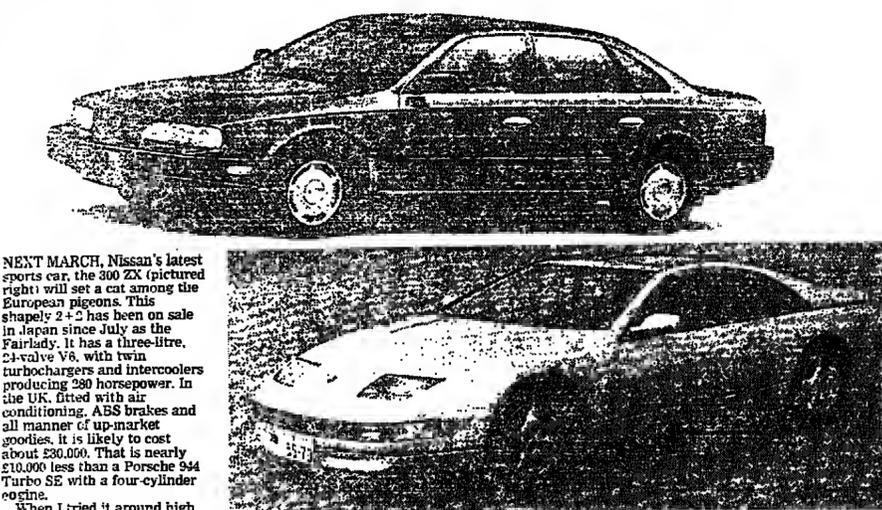
The Japanese Government, with an anxious eye on the country's bugs overseas trade surplus, has been falling over itself to make conditions easier for foreign car imports.

Last year, nearly 70 per cent of the 133,583 foreign cars that took 3.7 per cent of the Japanese market were German - VW, BMW, Mercedes-Benz and Audi in that order. The US (14,611 cars) was second and Britain (3,789) third.

This year's totals will be at least one-third higher, with imports accounting for about 4.5 per cent of sales.

There is, of course, still a long way to go. But in the 23 years during which I have been visiting Japan, the imported car has changed from a head-turning rarity into the commonplace.

In Tokyo, Nagoya and other



**NEXT MARCH**, Nissan's latest sports car, the 300 ZX (pictured right) will set a cat among the European pigeons. This shapely 2+2 has been on sale in Japan since July as the Fairlady. It has a three-litre, 24-valve V6, with twin turbochargers and intercoolers producing 280 horsepower. In the UK, fitted with air conditioning, ABS brakes and all manner of up-market goodies, it is likely to cost about £30,000. That is nearly 210,000 yen less than a Porsche 944 Turbo SE with a four-cylinder engine.

When I tried it around high speed and handling circuits at Nissan's Tochigi proving ground, I found the engine stayed smooth right up to 7,000 rpm at which the ignition cutout operated. (No, as a non-road going car it did not have the 130 kmh/112 mph fuel injection cutoff, I am glad to say.)

It felt rock steady at an indicated 265 kmh/165 mph on the twists and turns of the high speed circuit. On the handling track it combined agility with security. Acceleration was kick in the back, the brakes still reassuring even when the pads were smoking hot.

Equally impressive was the

large cities VW Golfs, BMWs (especially 7-Series) and Mercedes (mainly the big S-Class) have simply become part of the everyday scene.

You see Jaguars and Rover 300s, too, in fair numbers though curiously, I did not notice a single Mini - our best-seller and a cult object for the trendy young - during two trips to Japan this autumn.

Driving in Japan is not much fun. All cars have ping-pong that sound when 100 kmh (62 mph) is exceeded. Fuel injection cut-offs operate at a highly illegal, but for most reasonably powerful cars, modest 180 kmh (112 mph).

Now owners of cars like the Ferrari Testarossa, parked outside my hotel in Nikko last week, get on I cannot imagine. I suppose one recognises them by their Humber-like, bitten-down-to-the-quick-in-frustration.

But enough of the back-

ground. The show itself was the usual dazzling display of innovation.

Apart from its creativity, what distinguishes the Japanese car industry from others is its speed of response.

While European makers wonder whether something like four-wheel steering is really worth the bother, the Japanese industry not only develops several systems but incorporates them into production cars.

Four-wheel drive, complete with viscous couplings that allocate engine power to the tyres finding most grip, is taken for granted.

It is even available on the cheapest minicars. These are smaller than a Rover Metro and by law must have engines of under 550 cc cylinder capacity.

About 50 per cent of Japanese cars now sold have twin cam, multiple valve engines. One in eight is turbocharged;

and similar cars. It is a conventionally laid out, rear-wheel driven saloon, about the same size as a Mercedes S-Class or BMW 7-Series, with automatic transmission as standard and optional hydraulic active suspension.

I drove it only on the beautifully surfaced high speed circuit at up to 180 kmh/112 mph (yes, it did have a fuel system cut off as required by law). All I can really say of it is that it was virtually silent, rode superbly and had the understated elegance of the European cars it will challenge in the US and Japan. Nissan

This detects when, for example, the car is beginning to corner and adjusts the suspension so the body does not roll at all.

In developing NEO-X, Nissan says it set out to create an intelligent car that would make driving easy and enjoyable under all circumstances.

Or to put it another way, that electronic microprocessors are a great deal better at regulating a car's functions than human hands.

That being so, let us take as much responsibility away from the driver as possible.

Four years ago one of the main themes of Tokyo was four-wheel drive. Two years ago it was four wheel steering and this year it was active suspension.

Two years hence I reckon there will be a whole new wave of cars on show that are more intelligent than their drivers.

Other highlights, picked almost at random, were:

- A small town car with automatic transmission, fitted with sliding doors on both sides and a driver's seat turning 90 degrees to make it easy to enter and leave.
- A Renault Espace-type people carrier that will clearly be the replacement Toyota Space Cruiser, with an engine mounted centrally under the floor.
- A 12-cylinder Mazda engine consisting of three blocks of four cylinders, looking like a V8 with a third block in the middle. This could bring 12-cylinder smoothness to a compact, transverse engine, front (or more probably four) wheel driven luxury car.
- Two V8 two-stroke engines, one petrol and the other diesel, on the Toyota stand, with four valves per cylinder and fitted with superchargers to force the exhaust gases on.



Keep on truckin'... at 100mph

## Leviathans on the loose

Ivor Williams enthuses over the new sport of truck racing

THIS AFTERNOON you could watch television, go shopping, walk the dog, potter about in the garden - or you could be standing just feet away from a giant, turbo-charged, 1,000 brake horse power racing truck assailing you with tyre smoke, diesel exhaust and a dechiel count reminiscent of a Red Arrows display.

Scorching round the track with neck-snapping acceleration, these behemoths sound like 747 aircraft engines on wheels. Racing in three classes, the largest trucks weigh up to eight tons and boast engines of up to 18½ litres. They develop so much power (some up to 1,000 bhp) that they are limited to 100 mph (160 kph) by a governor under the auspices of the Fédération Internationale du Sport Automobile (FISA), the international governing body of all motor sport.

Hamburger stalls and makeshift shops selling Keep-on-Trucking tee-shirts permeate the fun-fair atmosphere of a race meeting as the monster diesels, replete with custom badges, special paint jobs and sponsors' names and logos rumble by.

They give a power stroke on each revolution for greater smoothness than a normal four-stroke engine. The diesel is said to reduce vibration at idling speeds by 80 per cent.

An Isuzu turbo-compound car engine with many ceramic parts, it can withstand such high temperatures (up to 1,400 degrees C) that it needs no cooling system.

The exhaust drives a turbine coupled to an electric generator, which feeds to the driving wheels power that would otherwise be wasted. Apart from space and weight saving, the engine - still under development - gains 80 per cent in power and fuel economy.

I saw more heads of European and US car companies at Tokyo than at any other international motor show. It really is the one that the world's car makers cannot afford to miss.

The punishment meted out in just 30 miles of racing wipes out a set of heavy duty brake linings which would last 80,000 miles of normal baulage work on the road.

"The technical feedback to manufacturers is enormous," he adds. "Duron, part of the Ferodo brake components group, learnt more in a year of truck racing than in 10 years of development testing in the machine shop."

Safety is paramount. Drivers are strapped tightly into the enormous cab with a full safety harness. Crash helmets and flameproof suits are mandatory and an exceptionally strong roll cage welded into the cab helps protect drivers in the event of an accident. Although the overall safety record is relatively good, there was one fatality in Zolda, Belgium when Italian Guido Dadda came to grief after rolling his Fiat truck.

The cost of running a truck can be as much as £30,000 in maintenance, repairs and back-up engineering staff for a season. Apart from sponsorship, this can be offset by start money at some meetings - Lydden Circuit in Kent pays £100 upwards - and prize money, which can be up to £1,500 for winners of big events.

There are some privately entered trucks, with a few doing mundane haulage work during the week and flying around the circuits at weekends, but sponsorship provides the bulk of finance. Shell Oil, for example, sponsored Mei Lindsey to the UK and European Championships in 1986.

This new racing sport attracts many individual entries. Vern Emery tried truck racing for the first time this year. "Once I tried it, that was it," he said. "It's far more fun than cars and from the first race I was hooked."

Emery, a rally-cross expert, when the track is a mixture of dirt and asphalt, delights crowds by bringing a rally-cross wheel-spinning, sideways-on approach to the sport. Emery races his own comparatively small 11.1 litre 230 bhp turbo-charged Leyland Cruiser challenge racing on the European circuit next year.

Like many independent truck racers, he is looking for sponsors, although tyre distributors Adam and Page help with tyres and truck preparation.

West weather, the only commercial dampener for truck racing, ironically makes racing even more spectacular. Still, if it wet today, you could always watch television, go shopping, walk the dog...

Trucks rumble out to start a mammoth Volvo/White/GMC truck. This particular 12 litre, 900bhp leviathan has clocked 0-100 mph in 14.6 seconds, 1.2 seconds faster than a Porsche 911 Cabriolet.

The sensation inside a racing truck is amazing. With banks of huge cylinders thumping away in the power plant beneath you, the adrenaline output is higher by far than that on a first parachute jump or scuba dive (I know, I've experienced both).

On the "off", chromium-plated acceleration takes your breath away. The first hand finds your thigh being tugged sideways from your hinged, miraculously to return as you thunder up the next straight - and the roar! Alighting from the beast finds you wondering why you did it - and this was just a practice - if you were a driver winning a heat, you'd be doing it all again.

Truck component makers benefit greatly from this newest of racing sports. Stan Williamson, a second hand commercial vehicle dealer, of Chesterfield, Derbyshire, says:

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### BRIDGE

IN THIS first hand from rubber bridge the declarer played with great skill:

W: ♠ 10 4 7  
♥ 10 6 2  
♦ 10 7  
♣ Q 7 3

E: ♠ 8 5  
♥ Q J 9 6 3 2  
♦ J 8 5 4 2

S: ♠ A 5 2  
♥ A 9 7 5 4  
♦ K 10

South dealt at a love score, and opened the bidding with one heart. North jumped to four no trumps and when South showed two aces by his reply of five hearts, he bid six hearts and all passed. West opened with the knave of spades, taken by the king and South led dummy's three of hearts to his ace.

West held four trumps, they could be picked up by Inneses; if East held dummy, he was bound to make one trump.

South was pleased to find that his safety play had paid off, but he was now faced with another problem - he could not ruff a diamond on the table. After some thought he decided to try a dummy reversal.

He first cashed his club king, then crossed to the ace, and ruffed a club in hand. Then he made the ace of spades, and conceded a spade to the nine.

West switched to the 10 of diamonds. Taking with his king, the declarer led a heart to 10 and queen, and ruffed the last spade with his nine of hearts, then played the seven. Inneses, the right, drew the last trump with dummy's king, and claimed the slam.

Full marks to the declarer for safety play, dummy reversal, precise timing and for that ruff with the nine of hearts. We turn to the World Championship:

East was dealer with both sides game. In room one after discarded the losing club on the spade king, and led a diamond.

West won, and led another club. South returned the heart six, and let it run. West ducked, so South led a diamond, and ruffed in hand. East parting with a spade.

Now a trump was led to West's ace, a spade return was ruffed with dummy's king, and the diamond queen was led. East ruffed South overuffed, and claimed.

In room two, by identical bidding, South again played in four hearts. West opened with the heart ace and continued with the two.

South won, and played ace and another diamond, taken by the king. Now West underled his spade ace.

Why? Surely a club lead is right - if declarer has club queen, there is no hope. Passive defence would have beaten the contract - why did the defenders have to be so busy?

**E.P.C. Cotter**

### Chess

**Chess PLAYERS** who are perturbed by the march of the machines - the steady advance in strength of chess computers - can relax, at least for the moment. World champion Garry Kasparov last month scored a 2-0 victory over Deep Thought, the world's most powerful computer which had earlier beaten several eminent grandmasters.

Kasparov was expected to win, and did so in style. In the first game, with the black pieces, he dominated strategically, playing White, in the second, he trapped Deep Thought by an unusual opening system, gained a long lead in development, then won the queen with an elegant combination in only 13 moves. Deep Thought finally conceded at move 37, provoking the masterful rebuke that it ought to learn how to resign.

Kasparov played at the New York Academy of Art in Greenwich Village, while DT's moves were telegraphed from its home base of Carnegie-Mellon University, Pittsburgh. "I had to protect the human race," said the winner. He had prepared

seriously for the encounter by studying the machine's earlier games including its victories over veteran GMs Larsen and Byrne. The computer has looked weak on the black side of a Queen's Gambit Accepted against Byrne, so Kasparov invited this sharp opening.

White: G. Kasparov.  
Black: Deep Thought.

Queen's Gambit Accepted (2nd match game).

1 d4 d5 2 c4 dxc4 3 e4 Ne6? 1 Already the wrong plan. DT potters around the centre with its queen's side pieces, but leaves its king's side completely undeveloped. Best is 3... e5.

4 Nf3 Bg4 5 d5 Ne5 6 Nc3 c6 7 Bf4 Ng6 8 Be3 cxd5 9 exd5 Ne5 10 Qd4 Nxf3 + 11 gxf3 Exf3 12 Bxc4 Qd6 13 Nb5 Qf6 14 Qe5 Qf6 15 Qa3 e6.

DT has resisted ingeniously after its dreadful opening, and White can still go wrong here. If 16 Bxb6 Bxa3 17 Nc7+ Kf8 and though White attacks rook

and bishop, so does Black. If 16 Qa4 Bc5 17 Nf7+ Kf8 18 Nxa8 Qb4+! and Black can survive the complications. Kasparov sees through the silicon chip traps and wins the queen for just two pieces.

16 Nc7+! Qxc7 17 Bb5+ Qe6 18 Bxc6+ hxc6 19 Bc5 Bxc5 20 Qxf3 Bb4 + 21 Ke2 cxd5 22 Qe4 Be7 23 Rhe1!

More precise than 23 Qxg7 Bf6. White creates a decisive passed pawn.

23... Kf8 24 Rf7 Bd6 25 Rb7 Nf6 26 Qa4 a5 27 Re1 Bf6 28 Re6 Ne8 29 b4 Bxh3 30 bxa5 Kf8 31 Qb4 Bd6 32 Rxd6 Nxd6 33 Rb6+ Rxb6 34 Qxb6+ Kh7 35 Qxd6 Ee8 36 a4 Rc4 37 Qd7 Resigns.

Deep Thought has always been a controversial machine, since none of its five programmers are expert chess players. In contrast its main US rival program, Hitech, was designed by Hans Berliner, a former world postal champion. DT's team leader, Feng-hsiung Hsu,

30-year-old Taiwanese who completed his PhD in computer science this summer, revealed in a recent interview that its success stemmed mainly from the hardware enabling unusual depth and speed of search.

DT can analyse 720,000 positions per second, and in three minutes it can examine all possible move combinations five moves deep for each player. Hsu expects to reach one billion positions per second or a minimum seven moves deep within a few years, and it is rumoured that his team, all newly graduated, will now be working for IBM to produce the ultimate chess computer.

Hsu admits that DT's opening book is relatively poor compared to Hitech and some other machines, and though the program includes values for concepts like mobility and king safety its naive strategic judgment was ruthlessly exposed by Kasparov. The style of the world champion's vic-

tory makes it doubtful whether DT can develop much further just on brute force calculation and without a grandmaster on the programming team.

**PROBLEM N. 766**  
A. Alekhine v. F.D. Yate, Hamburg 1910.

**BLACK 4 MEN**

**WHITE 5 MEN**

White (to move) is a pawn up, but the ending is tricky. How (if at all) can he win?  
**Alekhine's Greatest Games of**

**Chess (Batsford, £14.95)** is a paperback reprint of the former world champion's games. Alekhine himself comments on those from 1908 to 1937, while his best games from 1938 till his death in 1946 are analysed by Hugh Alexander, the FT's first chess editor and twice British champion.

Garry Kasparov, current world title holder, confirms in a foreword that Alekhine was the greatest inspiration for his own games.

Alekhine's style is brilliant, his writing clear and instructive, so this is among the handful of classics which should be in every chess player's library. **Solution Page XXXII**

**Leonard Barden**

**COUNTRY HOME ADVERTISING** appears every Saturday in the Weekend FT.

For further information please call Kimbarly Taylor on 01-873 3231/4885.

Handwritten signature: *Jocelyn Hunter*

# How to avoid feeling car sick.

(Read this before you buy a £20,000 luxury saloon.)

If you are about to buy a £20,000 car, you should first read an article which appeared in July's Performance Car Magazine.

It set out to discover what real people thought of the cars on offer and it found that when offered say £20,000 to buy a company car, most people have already made their minds up on what they want, and "BMW are perceived to be the user/chooser executive choice."

BMW themselves admit that over half of the people who buy their cars do not take a test drive beforehand. The magazine's own research suggests the figure to be nearer 75%.

So 48 people who might be in the market

drivers putting it first and the two that didn't putting it second."

Comments were all equally effusive. "At last, a real car. I want ooo oow..."

1.	Alfa Romeo 164 Lusso
- 2.	Saab 9000 CD turbo
- 2.	Ford Sierra Cosworth
4.	BMW 525i SE
5.	Audi 90 Quattro
6.	Rover Vitesse
7.	Jaguar XJ6 2.9
8.	Hooda Legeod

No one talked about the Alfa's image. "They liked it as a car, oot as a diooer party

Cosworth divided the testers between those who were enthusiastic about the engine and those who were put off by the hadge.

"It's still a plastic Ford Sierra," said ooe.

"Wheo driveo io the wet, it serves as a coostant aod ooisy reminder of ooe's own mortality," summed up another.

No one was wiidly enthusiastic about the Audi 90 Quattro's engine, with one person saying it needs more guts.

Sadly, the Honda Legend suffered most. One tester said "it was like being in ao old people's home," and "it should have stayed io Japan," while someone else said he'd "rather have a moped."

The magazine concluded that people's image of a car was often very different from the reality.

"People had conspicuously high hopes of the Audi (thacks to rallyiog), of the Honda (thanks to Formula Ooe), and of the BMW (thanks to ail sorts of things); hut, at the end of the day, each of those products failed to live up to the picture the imagination had painted."

The Alfa Romeo 164 was judged and won largely on techoical merit.

(Hardly surprising, when you consider it offers ABS, air conditiooog, a compact disc player and a 3-year unlimited mileage warranty for under £22,000.)

"This would be very good news..." observed Performance Car "... If only (Alfa Romeo) could get people to take test drives before making a decisioo." The moral of the story is obvious.

A little research into what your money can buy should prevent aoy car sickness io the future. Especially if you include io your test drive the oew Alfa Romeo 164 automatic; a car which has also prompted rave reviews from motoring journalists.

For iostance, the Mail on Sunday claimed that "the four-speed automatic is...one of the sweetest I have tested." While the Sunday Express foud it to be "a joy to use uoder all conditions."

The most poetic reaction however, came from the Financial Times: "From a standstill to whatever speed ooe's cooscience allowed, the automatic 164's power flowed as smoothly as double cream pouring oo to strawberries."

For more ioformation, complete the coupoo and send it to Alfa Romeo (GB) Limited, FREPOST, Poulton Close, Dover, Kent CT17 0HP, or phone (0304) 203396 (24 hours).

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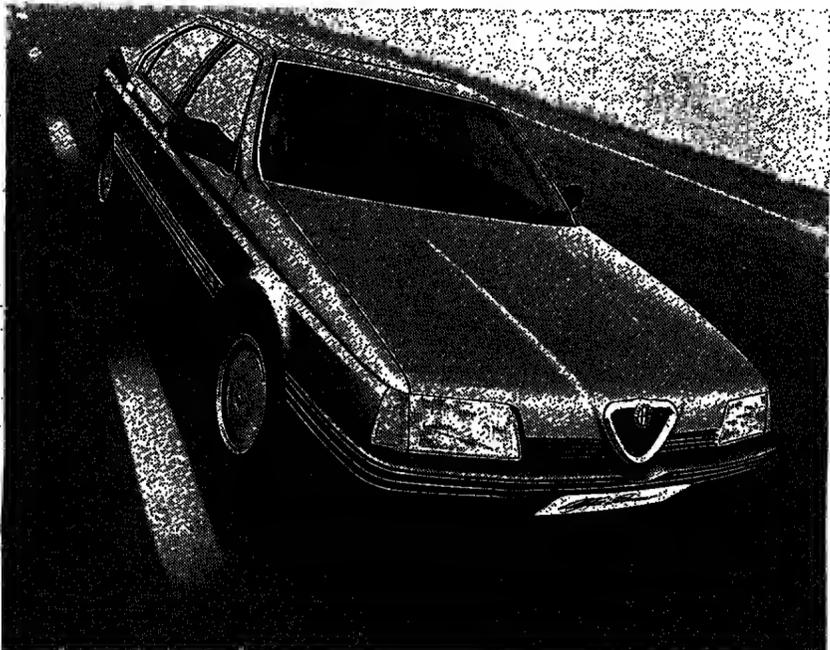
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Year of reg. \_\_\_\_\_ Present Car  Tick box for test drive.



for a £20,000 saloon, were asked to place eight cars in order of preference and this was the result:

1.	BMW 525i SE
2.	Saab 9000 CD turbo
3.	Audi 90 Quattro
4.	Hooda Legend
5.	Alfa Romeo 164 Lusso
6.	Ford Sierra Cosworth
7.	Jaguar XJ6 2.9
8.	Rover Vitesse

Nearly everyone put the BMW at the top of the list, in the same way that all hut one put the Rover at the bottom.

Then came the acid test. A cross section of these people were then given all eight cars to test drive over a mixture of roads in one day.

Aged between 32 aod 38, they were exactly the sort of people that maufacturers of this type of car desperately want to woo: an architect, a stockbroker, a property developer, a company director. In short, they were not the sort of people who miced words, and after the test, they were asked to re-assess their earlier list.

The results were very different. As the magazine said, "this wasn't just a victory for the Alfa, it was a walkover - with six of the eight

conversatioo piece." Ooe persoo picked up oo the engine's "intoxicating noise," while another simply called it "gorgeous."

(The 164's 3.0 litre V6 engine reaches 0-60 in 7.5 seconds aod has a top speed of 143mph.)

Eveo the magazine thought the Alfa Romeo had the hest eogine and "subjectively, it just pips the BMW io the beauty stakes."

As far as the testers were concerned, the BMW was pipped into fourth place.

"Time and time again, the chaps climbed out of it saying it had done nothing to tickle their erogenous zones. Where they were expecting pizzazz, they were given humdrum. Where they were expecting excitement, they were given competence."

Feelings were summed up by the person who said, "Quite obviously a superb car io every way, except for two things. It needs more power and it is utterly boring."

All of the other cars received equally severe criticism. One person, climbing out of the Jaguar simply said "Well that's just a waste of a walnut tree."

The Rover, people thought, would "go down a bomb in Eastbourne," while the Ford Sierra

The Alfa Romeo 164 3.0 V6 is £18,990 and 3.0 V6 Lusso is £21,395 including Car Tax and VAT. Delivery and number plates are extra. Prices correct at time of going to press. All Alfa Romeeos now run on unleaded fuel.



DIVERSIONS

English Heritage

Absolutely spaced out

Gerald Cadogan welcomes the proposals for Stonehenge

AT LAST, visitors to Stonehenge will be able to experience the great prehistoric shrine in Wiltshire in the freedom and space it deserves.

Four years after proposing to move the visitors' centre to Larkhill West army camp about a mile away, English Heritage has reached agreement with the Ministry of Defence on a site for the centre and an access road to it.

Instead, we shall walk to Stonehenge from Larkhill West. It is a gentle ascent, leading through a countryside crisscrossed with antiquities, notably the ceremonial roads of the cursus and the avenue.

But do not get too excited. This splendid scheme will not happen for five years. English Heritage has to find money, around £8m, and get planning permission.

Stonehenge is easily English Heritage's most popular site. In the year April 1988 to March 1989, 665,000 people visited it.

The new scheme is planning

for a million. Queen Victoria's favourite house, Osborne House on the Isle of Wight, comes second, with 255,000 visitors in 1988-89.

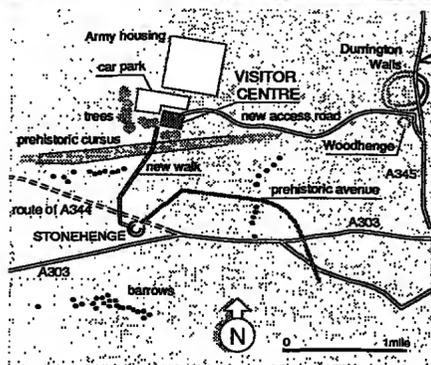
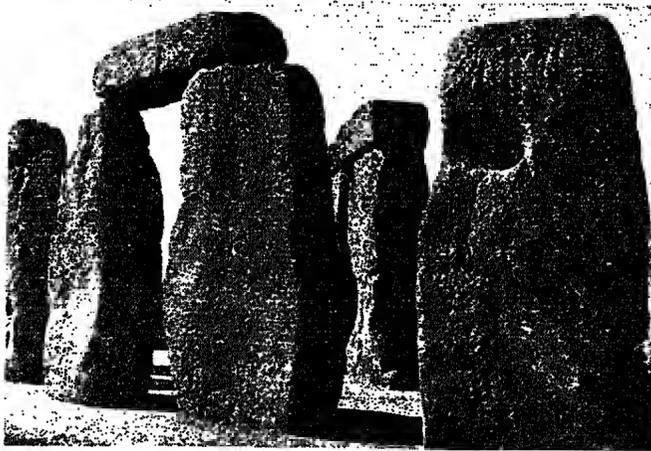
The restored royal nurseries opened by the Duchess of York early in the year have also been a great attraction, said Lord Nicholas Ridley, chairman of English Heritage, when he presented the annual report last Wednesday.

Membership of English Heritage has reached 214,000. Expenditure was £78.3m, of which £86.1m was covered by the Government's grant-in-aid.

In London these have largely been Victorian churches, now 100 years old and desperately needing maintenance. J.L. Pearson's St Peter's, Vauxhall, his first great town church, won a new set of slates for the roof.

A further £6.9m went for rescue archaeology and scheduled ancient monuments.

These monuments now total around 13,000, a tiny fraction of England's archaeological remnants. The planned total of 60,000 in two years' time seems a long way off. Listed buildings also need work. The present total is a somewhat low 430,000, meaning that some



of the earlier lists (those made before relisting was started by the government in 1982) must be revised - while Bedford Square in London has one list entry for 50 Grade I houses.

London's St James's Street has joined Bracken House, the FT's old headquarters, as a listed modern building. But the Rose Theatre ancient monument opposite the FT's new headquarters in Southwark will not be

Part of the great stone circle at Stonehenge

scheduled. Environment Secretary Nicholas Ridley has decided. The decision is defensible perhaps on pragmatic grounds, as there could have been enormous compensation claims for building work at present being carried out there, but it does seem to negate the purpose of the scheduling legislation.

However, its nearby rival, the Globe, is bound to be scheduled. The wisdom of Hanson Properties, the owner of the site, in carrying out the archaeological work there before making a final decision on its building plans is an example to all.

Fishing

The proper way to fall into a lake

Tom Fort attempts to recapture his boyhood on Coniston water

ALTHOUGH fond of my tucker, I would not describe myself as a food connoisseur and I am apt to become restless with those who do. Recently, in the Lake District, I was instructed at some length by a national newspaper's food and drink editor on such matters as proper Lancashire cheese, the proper thickness of bacon, and the proper way to prepare field mushrooms.

It must be admitted, though, that from the angling point of view the fortnight was an almost complete flop. Coniston was never a great lake for fishing, but we used to catch enough perch, eels and occasional pike to keep us going.

It had been 26 years since we were last there: 1963, the summer when our cricketers lost a mere 0/1 to the West Indies. Accounts of tourist despoliation, of lakes seething with speed-boats and water-skiers, of time-share developments and caravan-induced paralysis, had kept us away.

On Coniston, at least, the nightmare has been kept at bay. The roads were busier, and so was the lake, but by no means intolerably so. At our end, not a building has appeared in a quarter of a century (not has one been pulled down). I was astounded at how uncorrupted it was.

On striking, I made contact with a sizeable and friendly party of anglers. It was dragged towards the boat. Simultaneously, I realised that it was a trout of over 2lb and that I had left the landing net ashore. I regret to say that I lost my head and made an insane dash for the boat and aboard. It gave a wiggle, broke the line and got away.

This time, the total harvest from the lake was two trout, neither more than six long. Yet the campaign had a dramatic and almost brilliant start. On the very first day, I took a boatload of my own and other children to give lessons in impaling worms, fixing floats and sitting still. With insane vigour we got the boat organising, and my patience was strained by frequent announcements in piping voices that a float had disappeared. Finally, one did.

The grief and shock among my young audience was intense, and would have been a lot more so had we known then how lucky we had been to encounter such a fish. The latter, we never looked forward.

Fishless trip after fishless trip was spent exhorting the perpetrator of the disaster. Eventually, and understandably, enthusiasm for fishing waned among the little ones. The more assured pleasures of



padding boats, making kingdoms among the rocks and beating each other over the head took over. I, too, lost hope, and concentrated on harvesting mushrooms, chanterelles and other fungal delicacies.

I felt, though, that I should make a final effort to restore my reputation as fish provider. The day after a splendid deluge, I set out to discover a sweet and hidden stream which, in years past, had been

a reliable furnisher of trout.

After five wrong turns, I found the farm through which it tumbled, only to be told by a walker that the place had been sold - "to a consortium," she said, darkly - and that casual visitors were "discouraged."

However, as there was no proprietorial presence I began to fish. My worm here and there. But, oppressed by thoughts of passing times and departing glories, I caught nothing.

Then, I met a man who turned out to be the owner of the stream and its enclosing woodland. He seemed that his name was Arthur. He provided his daughter and her classmates with somewhere for their nature studies. He said he had never seen a fisherman there before, and told me I was welcome.

He ended up no end. I resumed my pursuit. In the coloured water, the trout were hungry for the worm. In a succession of rocky pools I caught a dozen, of which I kept five. The biggest did not weigh much more than 6oz but they were sweet indeed on the plate that night.

Country Views

Turning wood into profit

IT WAS the vast amount of diseased elm that gave rise to the current popularity of wood-burning stoves. The supply of elm wood is pretty well exhausted, but the enthusiasm for wood-burning lives on.

This has been a godsend for owners of coppices, particularly those with oak wood. Previously woodland owners would look gloomily at their coppice and bemoan the fact that it was unproductive. To clear the coppice stumps or stools with heavy machinery was uneconomic. So a high proportion of the UK woodland acreage remained as coppice. Pretty enough, with primroses and bluebells, and useful for sporting purposes, but of practically no commercial value.

All that has changed. Owners now look gleefully at their coppice. Hardwood coppice, operated on a 15 to 20 years rotation, short-term by forestry standards, and with no maintenance expense, has become decidedly viable. Current prices for a "load" (about a ton) of firewood blocks, delivered to local consumers, range

between £30 and £40. Off-cuts of softwood can also be fed to wood-burning stoves. The likelihood is that few of them will have local connections. They may even arrive in a bus for the purpose of walking. How amazed the original users of the slightly-heated plant houses at Kew Gardens in London. There is still confusion about this name, some books listing it as elata and some as angulata, and there even seems to be difference of opinion about the family to which it belongs, some botanists thinking it with the foxgloves and some with the gladiolus. In America, it is popularly known as the foxglove-gladiolus but no-one seems to have invented any popular name in Britain.

If someone asked me to compare the flower with that of a better-known plant I would suggest streptocarpus, for it is similarly trumpet-shaped, widely flared at the mouth so that the purple-speckled creamy-white throat is revealed and similarly held out on a slender stalk. Flowers can be 3 1/2 in long and two inches across but they are rather widely spaced on the two to three-foot-long stems so that they never make a solid display like some of the popular summer flowers. I dare say that this restraint helps the

plant to maintain its exceptionally long flowering season.

I had never considered rebmannia as a possible outdoor plant because it was so firmly associated in my mind with the greenhouses at Kew. However, one year I saw it flowering freely in one of the hot beds at Colegrave Seeds, near Banbury, in Oxfordshire. I expressed interest and was very kindly sent some seed.

I covered the pot with a piece of fibre-fleece to prevent the peat drying out too rapidly and the seed germinated quickly and profusely. As a result, I had far more seedlings than I could use but I potted a few dozen of them in Levington Multipurpose compost, grew them on in an unheated greenhouse until mid-May and then planted them out. They never looked back, were soon starting to produce their magenta-rose flowers and were undeterred by the long dry summer, although they seem equally content now that it is so much cooler and moister.

I have known this plant for many years, though always as R. angulata and almost solely because it was to be seen in the slightly-heated plant houses at Kew Gardens in London. There is still confusion about this name, some books listing it as elata and some as angulata, and there even seems to be difference of opinion about the family to which it belongs, some botanists thinking it with the foxgloves and some with the gladiolus. In America, it is popularly known as the foxglove-gladiolus but no-one seems to have invented any popular name in Britain.

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Gardening

A complete lot of rot

Robin Lane Fox urges readers to take a leaf out of his book

THIS WEEKEND, we are all back to leaf-sweeping, the foundation for next year's compost, and it is worth taking trouble with your rejects - at least in the garden - to make sure that they rot.

Nowadays, this task counts as organic gardening and has been classed as "placet-friendly." However, like most jobs in the garden, it is improved by a dash of inorganic science. When you pile up the leaves in heaps, add an activating compound to each layer which will help them to break down. I have always used Quick Returns, partly because I bought it in bulk some while ago, but also because the results live up to its appealing name. There is a definite pleasure in using a man-made product to do a "green" job better than Greens can do it themselves.

While you try to take methodical sweeps with your plastic-toothed leaf rake, spare a thought for the beauty of the layer before you sweep them up. It might even stop you thinking wistfully of the metal-tined leaf rake which was so much more efficient for the leaves on gravel paths. This year, the clear October morning shows me the magical charm of ash, beech and a less familiar garden tree which I would like to suggest for broad, open gardens. It was not so much a year of fiery reds as of brilliant yellows; it was less of a bonfire than an answering gleam to the sunlight.

I am not grudging the ash-trees anything which they dump on us. This autumn, their cut leaves looked magnificent and keen-eyed gardeners must be tempted to find room for them. Remember that they have one disadvantage: they are late to show leaves in spring. Like mulberries, they are poor companions in April and early May, a point which deter me from planting groves of them immediately round a rural hide-out. Ash-trees are better when merging into a hedge or boundary-fence which is quicker into leaf. They do not object to shade when they are quite small and they stand up well to wind. They will compete happily with a hedge of quickhorns which is faster to show a smattering of fresh green in April.

This autumn has confirmed my clear preference for yellow-leaved varieties. It rules out one of the fastest-growing bushes, called Ryewood, which fills out into a broad, thickly leaved tree about 30ft high. It originated in Australia and is often sold nowadays, but its

tactural but they are a very close second in a similar shade of copper-orange.

As they grow upwards, not outwards, they are superb trees for gardens, not parks, which need a vertical line in a moderate space. A pair of Dawycks can frame a gateway into a field, punctuate a long, flat lawn or lend distinction to either end of a driveway. They are not slow growing and ought to attain a height of 15 feet in ten years, but they will not overpower you. They look like normal beeches under arrest: they put their hands up to the skies, so that their branches look like a poplar's when caught in the act.

The best relation of the beech tree in autumn is the under-used Parrotia. For years I was wary of this widely-branched tree and its spectacular show of red and orange colour in autumn: it was supposed to need a damp lime-free soil. In fact, it is very obliging. Parrotias grow perfectly well on lime soils in Oxfordshire where they have been colouring as brilliantly as anything in the landscape. Perhaps they are best without a big entrance or the point at which a garden's prospect vanishes of a terrace or open countryside: I have seen a group of them looking very handsome in that awkward area between the wire of a garden's tennis court and its adjoining paddock. Parrotias are usually left to droop at the tips of their leading stems, but it is pretty, too, to tie them up to a long central stake and draw them higher above ground level. If they are kept upright, their branches fan sideways into a better shade.

Parrotias are not trees for a small garden and are decidedly not trees for people who wish to take tea beneath them. I have never agreed with the authorities who think that they are only handsome for a few weeks in the year. They have curious little flowers in the early season and their leaves have the quality of a beech tree, enlarged and somewhat grown as a shrub. They have an emphatic presence and evident quality. This year, they have had a magnificent swan-song and the little flowers earned your careful attention when planning improvements in your garden's plan.

Among beech trees, I am particularly fond of the form which grows upwards, not downwards. I am sometimes asked if this upright variety, the Dawyck Beech, will colour as well as the big beeches of our woodlands. For the past month, the answer has been obvious. Upright Dawyck beeches are not quite so spec-

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An eye-catching perennial

Arthur Hellyer on the little-known rebmannia

ONE OF the most eye-catching plants in my garden at the moment is Rebmannia elata, a little-known perennial which has been flowering non-stop since June. I grew it from seed sown last March in peat compost in a pot placed on the sunny window-ledge of my office, where the temperature is in the 60s Fahrenheit.

I covered the pot with a piece of fibre-fleece to prevent the peat drying out too rapidly and the seed germinated quickly and profusely. As a result, I had far more seedlings than I could use but I potted a few dozen of them in Levington Multipurpose compost, grew them on in an unheated greenhouse until mid-May and then planted them out. They never looked back, were soon starting to produce their magenta-rose flowers and were undeterred by the long dry summer, although they seem equally content now that it is so much cooler and moister.

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If someone asked me to compare the flower with that of a better-known plant I would suggest streptocarpus, for it is similarly trumpet-shaped, widely flared at the mouth so that the purple-speckled creamy-white throat is revealed and similarly held out on a slender stalk. Flowers can be 3 1/2 in long and two inches across but they are rather widely spaced on the two to three-foot-long stems so that they never make a solid display like some of the popular summer flowers. I dare say that this restraint helps the



although I gather that the firm has decided against marketing it. Colegraves' trade is wholesale only. The only retail seed catalogue in which I can find it is that of Chiltern Seeds, in Bortree Style, Ulverston, Cumbria, but the garden centre attached to the Savill Garden, Windsor Great Park, Berkshire, has plants to offer from time to time. It operates solely on a cash-and-carry basis with no mail order facility but it is such a popular place that it should not be too difficult to find someone to bring it back.

This rebmannia grows wild in China but is not fully hardy in Britain, though it should get through mild winters in some of the more climatically-favoured gardens. What it certainly will do is survive in a light frostproof conservatory and shapely flowers certainly make it worth consideration for this purpose. But, having experienced the speed with which it can be grown from seed, I am now firmly convinced that the best chance of making it a popular plant would be to promote it as a half-hardy annual.

In contrast to rebmannia, streptocarpus has for many years been a favourite of gar-

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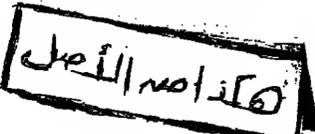
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ARTS

Saleroom

# Speculation rife in contemporary art

In New York some collectors appear to be turning into dealers, says Homan Potterton

**N**EXT WEEK in New York is the week of the big fall sales of Contemporary Art. If all goes according to plan about \$150m worth of art, much of it by artists who are still alive, will change hands and prices of over \$1m for single lots will not be unusual. From the purchasers' point of view, this is regarded by many as "collecting," but nobody, least of all Sotheby's or Christie's, could be so dumb as to believe that that is what it is. Nor is it investment. It is speculation brought to fine art but not, absolutely not, a fine art. What happens is that works of art, which are neither old nor rare and very often not even unique, change hands at record-breaking prices. There are only a few names to remember in the 1980s and Warhol, and Jackson Pollock suffice - and as their pictures can look remarkably similar, and can even have the same titles ("False Start" by Johns set the \$17.65m record last year, "Small False Stars" goes for \$10.5m, all that differs is the price).

The sales will cover four days with Christie's kicking off next Tuesday evening when they offer a general auction as well as two special collections: the Mayer and the Manlow. The latter consists of some 30 works and is a small part of a larger collection owned by a Chicago lawyer and his wife. As most of the works in the sale were executed in the 1930s, and were only purchased by the Manlows in the past

few years, this is certainly a contemporary collection in every sense of the word. Furthermore, as Mr Manlow intends "to keep buying," and as next week's sale is estimated to bring about \$7 million, this may only be the first of many Manlow Collection sales. This type of activity used to be referred to as dealing. The 20 contemporary works from the Chicago collection of Robert B Mayer are estimated to fetch a total of about \$11m. Later in the month Christie's will sell further works from the collection in their Latin American and Impressionist sales. At that time one of two Giacometti bronzes is estimated to fetch up to \$6m; it was made in 1960. The emphasis in the Mayer contemporary collection is heavily on the 1960s and there are works by Sam Francis, Dine, Diebenkorn, Frankenthaler, Stella, Warhol, and Oldenburg. A Jasper Johns "0 Through 9" and a Lichtenstein "Torpedo . . . Los!" can both be relied upon to make the sales headlines. The estimate for the former is \$2.5m-\$3.5m, the latter \$3m-\$4m.



"Torpedo . . . los!" by Roy Lichtenstein, which is expected to make \$3m-\$4m in Christie's sale next week

abstract expressionists include a 1958 Rothko (\$1.5m-\$2m), two paintings by Jackson Pollock, one datable 1949 (\$2m-\$3.5m), the other 1951 (\$3.5m-\$4m); pictures by Barnett Newman also dating from the 1940s (\$500,000-\$600,000) and \$700,000-\$900,000; and a Franz Kline "Leda" (\$600,000-\$800,000).

Again Jasper Johns is expected to make the top price: one of his late flag paintings is estimated at \$5m-\$7m. It dates from 1973. A widely-exhibited and well-known black painting by Frank Stella that dates from

1959, "Tomlinson Court Park (Second Version)," is estimated at \$3m-\$3.5m. There are eight works by Warhol ranging in price from \$200,000 to \$2.5m. The latter price is for an Elvis yet again - this time "Silver Lin" - is marginally cheaper at \$2m.

These estimates must certainly be off-putting for the genuine collector who is attempting to form a real collection. Nor for that matter is there much chance of these works being bought by any museum. But in the "Part II" sections of both Sotheby's and Christie's sales there are more modestly priced pictures of quality that are at the same time representative examples of the main movements in art of the last 40 years.

In Sotheby's sale, with estimates of less than \$100,000, the following are appealing: several small Calder mobiles, a very early and colourful Franz Kline, canvases by Karel Appel, a Motherwell collage, Hockney water colours, some small drawings by Jean Dubuffet, works by Sam Francis, Helen Frankenthaler, Lichtenstein, and a Warhol silkscreen and collage of The Queen. By the same criteria one would pick out in Christie's sale a Tom Wesselman "Coca Cola" work by Josef Albers and Joseph Cornell that are being sold by the Hirshhorn Museum; a de Kooning of 1928 (yes, 1928!); tiny sculptures by Claes Oldenburg; and Vasarely of 1967. All of these would make sensible purchases for sensible collectors and, believe it or not, there are still some of those around.

## Radio Blemished climax

**E**LIZABETH Wright hit one of her series with *The Chinese People Stand Up* (Radio 4, Wednesday), designed to mark the 40th anniversary of the Chinese Republic. Chinese people who stood up in Tiananmen Square to plead for reform were shot by the People's Army, and the intended climax both of the Republic and the programme was somewhat blemished. The programme was revised with the expertise already shown. This week's instalment began with the liberation of agriculture, "breaking the iron ricebowl." Farmers no longer having to provide an official quota grew cash crops and became rich. Vast demands for electronic kit generated dealers in it. People were officially encouraged to be rich. Wealth brought corruption on its heels, notably among the high-ups, and disaffection spread among the poorer people and the students, who wanted such novelties as a free press. Tiananmen Square, filled for weeks with demanding crowds, grew squalid and disorderly - and then the soldiers came. Elizabeth Wright has elicited telling words from the Chinese, both from the newly-rich and the politically articulate on both sides. Her report, which ends next week, adds a human note to the recent sad news from China. Radio 1 gave us an interesting feature on Saturday, *Pop, Pop or What?* Kyle Minogue and Jason Donovan spoke for their generation. Malcolm McLaren, Pete Waterman, Jonathan King and Tim Rice for the grown-ups. What, they asked, was the value of pop music? Opinions were as various as on *Jukebox Jury*. The



Elizabeth Wright in Tiananmen Square: talking words from both the newly rich and politically articulate Chinese on both sides

main point, said someone I won't name, is to get money out of kids' pockets. How is another matter. No point in trying to make pop into an art, and kill it as jazz was killed. It is disposable, rightly. Certainly sex was a main ingredient. Young girls want a fantasy boy-friend, so stars should be clean and tidy and well-behaved, though "we like our gods to live grander lives." A group like Bros was marketed as much for faces as voices. Standards are dictated by the market. As for art, the programme was produced by Roger Lewis, Radio 1's Head of Music, with a lot of that, argument and rhythm constantly hand-in-hand. Homer's Greek gods lived pretty ungrand lives; Odysseus's adventures were Poseidon's vengeance on him for blinding Polyphemus. An

*Odyssey* round *Odysseus* is an awful title for a scholarly feature, but in its way it describes it. Oliver Taplin is going through the *Odyssey*, with extracts from his forthright translation read by Brian Glover, and his footnotes added. Barely have we escaped from Polyphemus, when Leopold Bloom escapes from the citizen at Barney Kiernan's: the Greek poet Sefaris was born in Smyrna (now Izmir) and so was Homer, if he was. The programme was recorded on location, rather pointlessly. Recordings from Cape Maleia and from Smyrna sound much the same: we weren't told where we were for the Sirens' tale or Calypso's, and if Tony Robinson read his Scylla-and-Charybdis hit from the Mediterranean, nothing said so. But it's an interesting scheme.

# Brave new theatre rises from the stews of Leeds

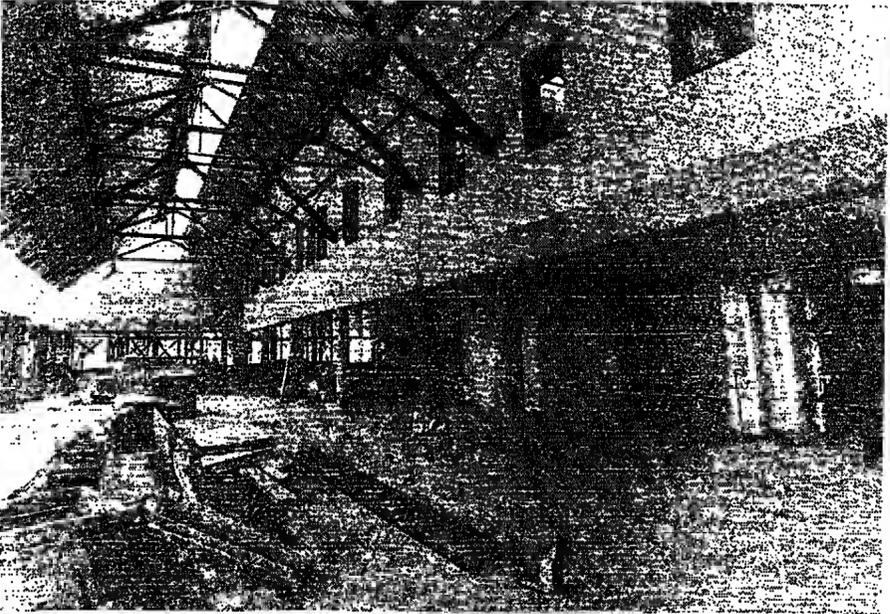
Michael Coveney reports on the progress of the self-appointed National Theatre of the North

**F**OR 19 years, the Leeds Playhouse has been based, rent free, in a glorified, inconveniently situated sports hall owned by Leeds University. All that changes next March, when the new West Yorkshire Playhouse, which already calls itself the National Theatre of the North, opens for business on a site adjacent to the main bus station, a stone's throw from the Hogarthian, atmospherically dilapidated stews otherwise known as the City Market. The new site, central but handy for all main motorway routes, was once occupied by the Quarry Street flats, a famous council housing project earmarked by Hitler as his Northern base after the supposed occupation of Britain; the flats degenerated into slums and were demolished in 1976. The Playhouse will certainly be the last major theatre to be constructed outside of London for many years. It has cost over £12m: as the finishing touches are put to the yellow brick exterior, William Weston, the executive director, admits that raising the last £350,000 needed to equip the interior is proving difficult. The former West Yorkshire Metropolitan Council provided £4m, the Leeds City Council a

further £3m (and the site), and £650,000 came from the final hand-outs of the Arts Council's Housing the Arts budget. The rest comes from private donations and smaller grants. Weston estimates that the current total grant aid to the theatre of £275,000 (from the Arts Council, Leeds City and West Yorkshire) will have to be improved to at least £1m in order for the project to thrive. From a distance, the new building, designed by the Edinburgh-based Appleton Partnership, could be a legal centre or a supermarket, save for the peculiar fin-like funnel that turns out to be the flying tower. But inside, something quite extraordinary is taking shape. There are two auditoria: the Quarry Theatre, a fan-shaped arena seating 750 and resembling a tidier version of the Olivier at the National in London; and the Courtyard, a flexible 350-seater designed on Georgian principles, with two wrap-around galleries and a no-top-around the N.T.'s Cottesloe. There is a vast rehearsal area, complete with showers and changing facilities, dressing rooms, the largest on-site scenery workshop outside London, two entertainment suites (the "Priestley" and the "Congreve"), administrative offices with sloping roofs, and a comfortably spacious front-of-

house with architectural hints of the city's Victorian arcades. Leeds is a go-ahead city bad at boasting of its cultural pre-eminence. This cheerfully optimistic venture, which could not have reached fruition in more hazardous economic times, has hardly been noted beyond the locality. Apart from the Theatre Royal in York, which is in slight artistic turmoil, this will be West Yorkshire's only producing theatre in a catchment area of three and a half million people already well served with receiving houses: the past few years have seen the spectacular refurbishments of the Alhambra in Bradford, the Opera House in Wakefield and the Opera House in York. The Grand in Leeds is a splendid lyric base for Opera North. So competition for audiences will be fierce when the joint artistic directorate, newly appointed Jude Kelly and the long-standing Playhouse supremo John Harrison, unveil their opening programme next spring. Objectively, one must say that the artistic potential of this directorate is unpromising. Kelly, who directed *Sarcophagus*, the Russian play about the Chernobyl disaster, for the RSC, has no record of big theatre success; Harrison's regime has not been the most spectacular of regional arts sto-

ries - the current production, for instance, of a very fine play, Michael Weller's *Spooks of War*, is indicative of mixed standards. But all that could, and should, change when the final fittings are in place and the lights go down. Donald Sinden turned the first sod, Dame Judi Dench laid the foundation stone, and Albert Finney performed the topping out ceremony. One feels that if Jude Kelly could sign up one or indeed all of these three artists to lead the first season, then a major corner will have been turned in the fight to justify the National Theatre claim. The Royal Exchange in Manchester might have a point to prove again, too. The Cork Report of 1986 advocated a network of a half dozen National Theatres throughout Britain. It may be that, with the Royal Exchange, the Leicester Haymarket, the Bristol Old Vic, the Glasgow Citizens and the new West Yorkshire Playhouse, that ideal is a little closer than we think. The next few months will be crucial in the campaign to shake off the continuing and damaging hegemony of London's subsidised theatre. The problems remain as much of mere money. But this money, one feels, must come first.



This will eventually be the public bar and restaurant area, overlooked by the internal windows of the administrative offices

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B.A. Young

## Video Relax with a six-pack

**T**OMORROW being Guy Fawkes, this is the ideal weekend for taking refuge in your video machine. Outside, cries and explosions, inside, a warm log fire and a can of beer on your lap. Close the windows, draw the curtains and throw another cassette on the VCR. Happily for such viewing sessions, videos today come not as single sples but in battalions. Video companies are at last beginning to realise that they are in a collectors' market. No point in issuing these desirable objects one by one when they can be released in, say, six-packs. Leading the library-building field is Warners. As well as offering more and more bargains at £9.99, they are gift-wrapping these wares in speciality collections. New out this month is a Children's Collection (including *The Goonies* and *The Railway Children*), a Sci-Fi Collection (*Dreamscape*, *Brain*), a Hitchcock Collection and a Fantasy Collection. What better way to lure your children away from gunpowder mischief than to encourage them to light the blue touch-paper to the likes of *Legend of Dune*? Warners also set a precedent this month by issuing *Rain Man*, the many-Oscar smash hit, on retail as well as rental. For £14.99, you can own your own copy of this comedy-fable about an autistic savant (Dustin Hoffman) kidnapped from a mental home by his own brother (Tom Cruise). Almost everything that could go wrong with such a ticklish subject just does not; almost everything that could go right does. Warm, witty and watchable. Warners may lead the field in adventurous salesmanship, but other companies are fast catching up. My personal pick among the November six-packs is the Jerry Lewis collection (*Comedy Classics*). This is a five-pack, and falls unaccountably to include *The Nutty Professor*. Lewis's best film. Never mind: *The Errand Boy*, *The Patsy* and others are here, directed by the star himself in his surreal heyday. Those over-ready to dismiss Lewis as a night but a squeaky-voiced, rubber-limbed retard, inexplicably defied by the French, should view these films again and reconsider. We live in an age when our best movie comedians have a distressing tendency to go straight (Woody Allen) or to go unfunny (Mel Brooks). Lewis's surreal inventiveness back in the 1960s, both behind and in front of the camera, is a surviving delight. There are other ways to organise a marathon view-in than by watching several videos in succession. You could watch one: *Gone With The Wind* (MGM/UA). Weighing in at 3 1/2, this empyrean Civil War epic has been marginally de-purged - thanks to restoration work which has softened the film's colours - but it still exercises every known emotion in its audience. Babies are born; towns are set blaze, deathbeds are sobbed over and root vegetables (turnips?) are regularly shaken by the defiant heroine into the sunset. Still the greatest piece of popular entertainment Hollywood has produced. Elsewhere, it is a many-coloured autumn. Warm to *The Whales of August* (Westron), a spy-thriller comedy in two parts that defers defying odds (it was Betty Davis's last film). Introduce yourself to a funny, furry, four-pawed hero in *Who Framed Roger Rabbit* (Buena Vista). (With video's stop-frame facilities you can analyse some of the tricks.) Giggles nervously at the splendid low-budget horror film *Parents* (Westron), in which family barbecues are not what they seem. Relish the polished comedy of *Working Girl* (CBS/Fox), in which helium-voiced secretary Melanie Griffith masquerades as her boss Sigourney Weaver. Best of all, purr in admiration of the way writer Christopher Hampton and director Stephen Frears have transferred *Dangerous Liaisons* (Warners) from stage to screen: keeping faith not just with the play but with the silky, threatening eroticism of Lacroix's original novel.

Nigel Andrews

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ARTS

# Take a short break with a rare opera

Andrew Clements reflects upon the growing appeal of the Wexford Festival

THE TRANSFORMATION which overtakes Wexford when the festival begins is remarkable — what a few days earlier had been a quiet, unassuming Irish provincial town was galvanised on the day of the gala opening by an influx of visitors, the most visible of them at least British. Lunchtimes in the favoured watering holes suddenly became crowded, hectic affairs, at which prodigious quantities of the local seafood were consumed.

The three opera productions remain Wexford's raison d'être but they are now the most prestigious aspect of a festival which also offers a day-long programme of recitals and talks and ancillary events; there are the beginnings of a distinct festival fringe, with small theatre companies setting up in any suitable performing space and busily promoting their wares about the town. It's a far cry from the festival's beginnings in 1951, when the Tom Walsh (who was artistic director until 1966 and who died a year ago) organised a production of Balfe's *The Rose of Castile*.

Just how important the festival has become, not just to Wexford itself, but to the cultural life of the whole of

Ireland is underlined in a new study of the festival, which the administration commissioned from the economist John O'Hagan of Trinity College, Dublin. It contains a fascinating analysis of the funding of the festival, carefully compared with that of other opera companies in the British Isles; the special case of Glyndebourne apart, no British opera company receives anything like as small a proportion of its annual budget from the state as Wexford's 28 per cent — the Royal Opera's figure is 54 per cent, the others such as ENO and Opera North hover around 70 per cent — though the use of the Radio Telefís Éireann Orchestra at a discounted rate for all the performances obviously represents an extra hidden subsidy.

Yet what the festival brings to the Wexford area in terms of tourist revenue is, however, considerable. The gross expenditure is calculated as approximately £1.1m, of which a third is foreign exchange. The report does not attempt to assess the artistic achievement of the Wexford productions, though it shows a qualitative taste in a scintilla of reviews, but it does reveal the extent of the festival's

appeal, with a fascinating breakdown of audiences by area: 20 per cent come from Britain and almost 40 per cent from the Dublin area. Quite staggering too is the revelation that no less than 42 per cent of those who went to the 1988 festival had been regular attenders for more than ten years, with the figure rising to 66 per cent for those coming for at least five years.

Not all of those regulars can be single-minded collectors of rare opera, like the gentleman I overheard in the foyer before Marschner's *Der Templer*, cheerfully announcing that this would be his 398th opera; but clearly the combination of usually mellow Irish autumn weather, good local food and the unusual repertoire makes an appealing short holiday package for many. I must confess to a certain scepticism beforehand that Wexford's priorities tended to place rarity values before standards of excellence, and that prejudice was to some extent confirmed by the staging of the Marschner (produced by Francesca Zambello, and not Bettina Maurer as I stated in my earlier review) which, despite some committed singing came over as

homespun and not a little tacky. But one could have faulted either *Miridate* or *The Duenna* on its standards of performance.

Lucy Bailey's staging of the Mozart — spare, direct and dramatically pungent — was exceptionally cleanly sung and unfussily conducted by Marco Guidarini, to make as good a case for the viability of his first opera seria as could be imagined, while proclaiming a whole generation of young stylish Mozart singers. It was led by Martin Thompson's powerfully direct account of the title role, strongly supported Leua Nordio's Aspasia, Cyndia Sieden's Sifare and Patricia Rozario's Ismene. It was a cast, though, which contained no obvious weak links at all.

The singing in the Prokofiev was likewise a revelation, though the work was a sad disappointment. This reworking of Sheridan's play (itself originally envisaged as an opera libretto), is perhaps better known under its original title of *Betrothal in a Monastery*; it was first performed in 1946 and together with *The Love for Three Oranges* was Prokofiev's main operatic success in his lifetime. But too much of the music has the composer apparently working on

automatic pilot; there are too many larky ensembles, overvamp-fil-ready accompaniments, too few memorable melodies. The mood is determinedly light-hearted; disbelief has to be suspended in prodigious quantities, even by operatic standards, and the whole thing could profitably be abbreviated by a good half hour. But Patrick Mason's production made the best of what *The Duenna* has to offer. His staging pivoted about a Sendak-like setting by Joe Vanek, and was anchored by Neil Jenkins's tour-de-force as the grasping Don Jerome, a beautifully crafted, always articulate performance.

The opera gained enormously from being sung in English and both Spiro Malas's Mendoza and Sheila Nadler's Dnenna relished every word. The young lovers were equally well taken by Amy Barton, James Busterud, Donald George and Paula Hoffman: the rowdy collection of monks was given spark by John Daniecki. There were a colourful corps of dancers, a children's ballet (perhaps the most flagrant padding in the score) and a general air of bohemism. Not a word, though, to add too urgently to one's own personal operatic tally.



Francis Bacon: Self Portrait, 1969

## Bacon at 80

William Packer reviews the pick of the London galleries

WHETHER OR not there is a School of London that now leads the world, its leading light, primus inter pares by common consent, is Francis Bacon, just turned 80 and still prolific. And as with any show of his work these past 45 years, the small loan exhibition to mark that climacteric (Marlborough Fine Art, 6 Albemarle Street W1; until November 18) is naturally of some considerable interest.

It is retrospective, though with only 15 works it offers simply a summary or sketch rather than any proper study of the career. But the tokens, even so, stands for the man, marking on the one hand Bacon's remarkably sustained creative energy and formal consistency; on the other the quite extraordinary originality and power of his early surrealism and expressionism. The Figure Study of 1946, that sinister, hunched tweed coat and felt hat, lurking beside the hydrangea bush, by itself confirms the reputation as it justifies the visit.

David Hepher (one of 3 individual shows at Flowers East, 159 Richmond Road E8; along with John Loker — prints; Nicola Hicks — sculpture & drawings; until November 26), in his mid fifties, is a painter of the urban landscape, and in particular that of the high-rise housing estate. The blank facade of the tower block, yet with each window and balcony rich with curtains, washing and potted plants, has been his familiar subject. But lately the space has deepened, as he has pushed the tower block back, to be seen across the older fabric of the city. An element of fantasy, too, has been openly admitted. Hepher has been looking at the career of Piranesi, and has superimposed, in larger and more vivid terms, that same vertiginous and faded space upon his blocks of flats. And with this opening out of the pictorial space has come a freer and more generous handling of the surface. These are impressive paintings.

Finally, Patrick Symons (Browse & Darby, 19 Cork Street W1; until November 25) is showing recent paintings and drawings of musicians, landscapes, and still lifes. Recent, however, is a word used advisedly. For Symons works with infinite visual scruple. This is only his third show since 1975, and the large composition of the string trio playing on the balcony has engaged him for most of the interval. It is a remarkable and major work.

## A colourful Oedipus

Claire Armitstead hails Talawa's *The Gods Are Not to Blame*

A COUPLE of hundred metres from Black Theatre Co-op's moribund excursion into the musical (65 *With a Bullet*, reviewed yesterday) is proof that the black theatre establishment is alive and kicking. Yvonne Brewster and her company, Talawa, were last seen in London in a faithful revival of that most English of comedies, *The Importance of Being Earnest*. Their reappearance at HammerSmith's Riverside Studios, with an utterly Nigerian adaptation of *Oedipus*, barness the energies of Greek tragedy with a thrilling aptness to an exploration of the Yoruba psyche and culture.

The key to Ola Rotimi's classic reworking of *Oedipus* is revealed in the final minutes as the Jeffery Kissoon's fine King Oedewale, eye sockets whitened in a symbolic blindness, turns a defeated face to the audience and says: "The powers would have failed if I did not let them use me." Far from allowing himself to be constrained by his model, Rotimi has twisted it round by 90 degrees to reveal a society pinholed by superstition and ancient tribal animosities, whose elders set the tragedy in train by their zealous observance of oracular utterances. "It is our tradition," is their limp excuse to the outraged king as the struggles to come to terms with the truth of his abandonment as a tiny baby, and his subsequent unwitting desecration of his own family.

The crushing subtext is that even the pestilence which set the inquisition in train is only a pestilence by superstitious consent: Oedewale's own chil-

dren suffer from vomiting and rny nose, which could be the symptoms of any number of tropical ills.

The production, a collaboration with Liverpool's Everyman, is staged with a majestic simplicity on a large circular platform raised slightly from the ground, its surface stretched tight like the skin of a drum, which it becomes as it is circled by chanting townspeople who punctuate their songs of lament or despair by beating its edges with sticks.

In her presentation of the music and dances of the Yoruba people, Brewster finds a vigorous ritualistic equivalent to the Greek chorus, allowing performers to flow in and out of character as occasion demands. The simple deployment of lengths of cloth, held at either side of the stage, brings variety to the staging, creating passages in which the elders gossip or making out the character as occasion demands. The simple deployment of lengths of cloth, held at either side of the stage, brings variety to the staging, creating passages in which the elders gossip or making out the character as occasion demands. The simple deployment of lengths of cloth, held at either side of the stage, brings variety to the staging, creating passages in which the elders gossip or making out the character as occasion demands.



Scene from *The Gods Are Not to Blame* with Leonie Forbes and Jeffrey Kissoon

## Valiant singing in a lost cause

CAMBRIDGE has briefly taken over from Oxford as the home of lost causes. *Someone Like You* is a musical devised and composed by Petula Clark and starring Ms Clark. It is set in West Virginia just after the American Civil War and times are hard. They stay led at the Arts Theatre until November 11th.

The Major (Dave Willetts) is in a state. The hospital he runs for the War wounded is out of drugs; his pretty pert young wife Susannah (Jane Arden) refuses to sleep with him; there are rebels in the hills; and he is stuck with a dancing chorus made up of the lame and the armless.

Enter Abigail (Petula Clark), and her teenage son (a pleasing debut by Lewis Rae). She is searching for Kane (Clive Carter), her husband and a travelling preacher man, lost in the War, but within seconds she has mucked in and disarmed a drunken gunman; mended the roof; and fallen in love with the Major. Knowing a Mills & Boon who we see one we eagerly anticipate the second coming of Kane, who it soon transpires has gone to the Devil. One glance is enough for Abigail to

recognise a lost cause. End of act one.

Every now and then a concentrated look comes over the faces of the cast and you know a song is imminent. Being the South there is a gospel song, a blues, and a hoe down. Sometimes there is a dramatic ballad — if the Major gets his way — and a touch of music theatre à la Les Misérables, another class of show altogether in which both

Willetts and Carter excelled. In fact the singing here was uniformly fine: pity about the songs.

*Someone Like You* comes across as a Barbara Cartland musical done over by a feminist, which is exactly what it is. Fay Weldon was called in to beef up the dialogue so while Abigail and the Major are agonising over their love they find time to comment on the rotten deal dished out to

blacks, Indians, women and the workers.

There is actually a feminist finale in which Abigail, encouraged by her black maid Serena (Joanne Campbell) converts Susannah to the joys of female emancipation. Then box office senses reasserts itself and we get the big climax, full of sex and violence. The audience was enthralled and there were sounds of sobbing around me, but they might have come from the stage.

Petula Clark deserves great credit for getting this long nurtured project into production. The principals perform valiantly with one dimensional characters, an incredible story line, wooden direction, and unmemorable music — I just couldn't tell if there were any reprises or not. There is an excellent set by Tim Goodchild and much applause at the end. Could this be another *Charlie Girl*, a musical panned by the critics, adored by the public?

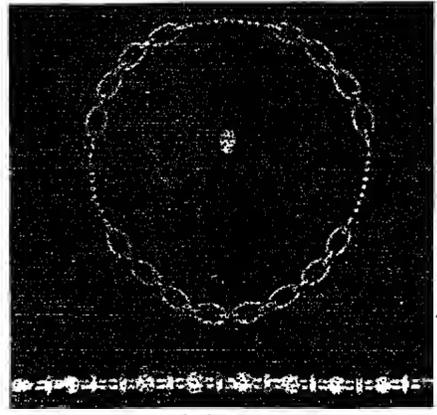
Antony Thornecroft



Clive Carter and Petula Clark

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## The Cannibals in Brixton

ONE OF the great strengths of British pop bands has always been their ability to revive dated musical styles in modern packages that convince the record buying public that what they are hearing is new, different, and above all, sexy.

The Beat, the most overtly commercial hand of the Two-Tone/Ska revivalists ten years ago, were a case in point. So are the Fine Young Cannibals, not surprising when the backbones of FYC is Andy Cox and David Steele, former guitarists with The Beat and famed for their rubber-legged dancing and fast, choppy guitar sound.

FYC cleverly mix the dance-

able, cheerful soul of the great 1960s Motown/Stax reviews with the aloof, seen-it-before cynicism of the 1980. Perhaps a few too many of their hit singles have been cover versions, but they have been good cover versions.

And in singer Roland Gift, FYC have a frontman of genuine star quality. Gift's putative film career has certainly heightened his public profile — witness the devoted-eyed, "is-it-really-him?" devotion of some of the audience at the Brixton Academy on Thursday night. This, in spite of the fact that FYC have not been seen live in Britain for over three years.

But what Gift has, apart from sex appeal by the buckets, is a truly distinctive voice, a gravel-edged falsetto comfortable at both ends of the register and capable, abetted by Cox and Steele's witty arrangements, of breathing new life into old pop standards such as Presley's "Suspicious Minds," or the Buzzcocks

classic, "Ever Fallen in Love?" Usually a three-man band, FYC have chosen to beef up their rather sparse live sound with the uncomplicated talents of the country's best a cappella group, the Mint Juleps. The five Juleps add a new depth to FYC's material in performance, providing a soulful ballast to songs like "I'm Not the Man I Used to Be" and a respectful version of the Temptations' "My Girl."

FYC ran through their brief catalogue of hits in quick time — too quick for some paying punters — keeping the chat and antics to a minimum and letting the songs speak for themselves. "She Drives Me Crazy" was a funky and frenetic encore, as it should be, and closed a performance that was a model of restraint and understated style.

Hugely popular in America, Fine Young Cannibals represent British pop at its best.

Patrick Harverson

Pick of the week  
**CHRISTIE'S**



Lucien Freud: Portrait of Lincoln Kerstein, 1950.  
Oil on canvas, 20 x 16 in.  
Estimate: £30,000 — 50,000

THIS COMPELLING PORTRAIT by Lucien Freud depicts Lincoln Kerstein, founder of the School of American Ballet. Kerstein enlisted the help of George Balanchine from Russia's Imperial Theatre School, and opened the school in January 1934. Based on the classical tradition of rigorous training, the school was to shape the future of American dance, and now produces over twenty five dancers each year who join leading dance companies throughout the world. The portrait is one of a group of five works of art by Duncan Grant, Gaudier-Brzeska and Freud to be sold by the School of American Ballet in the sale of British and Irish Modernist and Contemporary Paintings, Drawings and Sculpture at Christie's, King Street on Friday, 10 November at 10.30 a.m.

For further information on this and any other sales in the next week, please telephone (01) 839 9060.

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SPORT

Cardiff's menu: rugby in the raw

What is Wales's task, asks John Kitching. To make it a country fit for heroes to live in?

"UNHAPPY the land that has no heroes," said Brecht's Andrea. Perhaps that is the difference between Wales and New Zealand, at least in terms of rugby.

Not that Wales is devoid of heroes. But they are all local heroes. A drive up the Swansea Valley towards Pontardawe illustrates the point. Passing along the road that bisects the village of Trebanos one sees a newsgazer run, the sign announces, by K and S Watkins. What marks out that shop from many others are two large full colour photographs in the window. One is of Robert Jones; the other of Bledwyn Bowen - both village boys, both national rugby players, both local heroes.

Wales has, of course, had its share of national heroes in recent times: Barry John, Gareth Edwards, Phil Bennett, Jonathan Davies, Mervyn Davies, J P R Williams. But right now the principally has none. Paul Thorburn may be the darling of Neath, but at Llanelli all eyes are on Jeff Bird. Mike Griffiths is a hero at Bridgend, but in Neath they will tell you Brian Williams is the better prop.

Having given New Zealand a closer than anticipated game, the local rugby of Cardiff, Swansea, Neath and Llanelli have been fêted by their supporters. The players have performed laps of honour, even in defeat. Such scenes become the All Blacks, to whom defeat is alien.

We shall discover today at Cardiff what the national heroes of New Zealand really are too good for the local heroes of Wales. The game is one of the most eagerly anticipated this season.

It will be raw rugby, and for those who like it that way today's France v Australia game in Strasbourg promises more of the same. For those who like their rugby a little more nouvellish, today's visit to Twickenham by the Fijians might be more acceptable. A mercurial lot, the Fijians

will be hoping for a dry, firm pitch and decent weather: without it they often go to pieces, as at a sodden Glasgow a few days ago. England, too, it must be said, have been known to go to pieces, with or without had weather.

The highest stakes to be played for are undoubtedly those in Cardiff. Will pride and hwyyl be enough to hold the mighty All Blacks? In their four matches so far, the New Zealanders have shown they will take every chance offered to them. Wales will have to be disciplined, to take the game to the All Blacks and to keep knocking them back over the gain line if they are to avoid the kind of defeats inflicted on them nearly two years ago, and indeed on Newport on Tuesday.

Wales have chosen a new captain, scrum half Robert Jones, who plays his 28th international. He takes over the role from Phil Davies, who becomes vice captain and will lead the pack. Gareth Llewellyn, a 20-year-old lock who played so well for Neath against the All Blacks, wins his first cap, as does Phil Pugh, ten years his senior.

Wales will have no trouble in securing good set piece scrum ball, but they will have problems in the line-out and in the crucial area of second-phase possession, where New Zealand are so strong.

The only Welsh club which successfully approaches loose play in the new Zealand style is with that in mind that the selectors have chosen four Neath forwards. It remains to be seen whether, with their assorted fellow forwards from Bridgend, Cardiff and Llanelli, they can produce the remorseless play needed to contain and defeat New Zealand.

Behind the scrum, Wales look efficient if not inspired. Robert Jones is playing at the top of his form, both David Evans and Mark King had good outings for Cardiff in

their game against New Zealand, and Mike Hall, again moved from centre to wing, is one of the best attacking three quarters in the British Isles.

A few weeks ago, many within the principality were predicting cricket scores for the All Blacks. That is now looking less likely. But these highly skilled and dedicated tourists are not going to want to lose a Test match to Wales. Perhaps for the Welsh the more appropriate Brechtian perspective should be Galileo's retort to Andrea: "Unhappy the land that needs heroes."

Will pride and hwyyl be enough for new Welsh captain Robert Jones and his men to hold the mighty All Blacks?

For their Twickenham game against Fiji today, the England selectors have made some bold changes and sprung a couple of surprises. Out go Wasps props Paul Randall and Jeff Probyn, to be replaced by relative youngsters Mark Linnett and Andy Mullins. Linnett is Moseley's first cap since leaving the holder of the dubious distinction of being the best looking rugby forward in Britain. He was last capped in 1983.

The two big surprises are the return of Richard Hill at scrum half after nearly three years' absence, and the exclusion of British Lions flanker Andy Robinson. His place goes to Peter Winterbottom.

England manager Geoff Cooke said: "Hill is without doubt the most effective scrum half operating in the country at the

moment. He is playing extremely sharply, looking fit and combative and ideally suited for what we need."

He explained the exclusion of Robinson - last season's Five Nations Championship player of the series - by saying: "We are blessed with enormous talent in the No 7 position." Winterbottom was ahead of the field on present form.

Cooke and his players have their eyes on three things today: the Fijians, the Five Nations Championship and the next World Cup. "Though the matches against Fiji are important in their own right, they are also part of the preparation for the Five Nations and, in the longer term context, 1991," he said.

The Fijians have not got their tour off to a brilliant start, but they should not be underestimated. In their home season they defeated Canterbury and Wellington from New Zealand. Their manager, Semi Seruvakula, says his squad is "the best prepared" to leave the South Seas.

England ought to win, and to win in some style. For once their back division looks capable of great things. It is particularly heartening to see Mark Bailey winning another all too rare cap, this time because Chris Oti is injured. Bailey has been playing some of his very best rugby for his club, Wasps. The inclusion of Simon Hodgkinson of Nottingham at full back is also most welcome.

Finally, on a day unusually rich in international rugby, the rugged men of France meet the durable Wallabies, who are still smarting from their defeat at the hands of the British Lions. Coach Jacques Fouroux has recalled hard cases Condom, Champ and Ocellon to a French pack not generally used for international matches.

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Robert Jones: will need to be at the very top of his form

Open race for soccer's prizes

Philip Coggan looks at the progress of leading sides

NOVEMBER IS the month when the football season gets into its stride. By now the last memories of summer have faded, the three Cup competitions are underway, and the first managers have been sacked. Even ITV have at last decided to grace our sitting rooms with live football.

The season has started well, with crowds rising steadily and England qualifying for the World Cup (although that should be the summit of their ambitions). What has been even more encouraging is the feeling that, following Arsenal's achievement in breaking the Merseyside monopoly of the Championship last season, the race for soccer's titles is genuinely open.

Leadership of the First Division has changed hands with bewildering rapidity, though it has now come to rest in the

ominously safe hands of Liverpool. But Kenny Dalglish's team, while looking as impressive as ever, have already been knocked out of the Littlewoods Cup and have been beset by injuries, a sign perhaps that their luck may have changed for the worse.

What is most intriguing is the inconsistent performance of many big name clubs. Tottenham began the season in a team out of 11 star individuals, but following four consecutive victories, they had a chance of leading the table if they had beaten Liverpool at Anfield last Sunday. Manchester United, after opening the season with the demolition of Arsenal, have ridden a rollercoaster of heavy victories and defeats, including a 5-1 loss to neighbours City and a 3-0 home drubbing by Spurs.

In part, the inconsistency of both clubs is due to the big

spending policies of their managers. At United, Alex Ferguson is trying to solve the club's perennial problem: creating a team out of 11 star individuals. Paul Ince, Gary Pallister and Mick Phelan have been added this season to the host of big signings since Ferguson arrived at the club.

At Tottenham, Terry Venables has splashed out on Gary Lineker, Steve Sedgley and Van der Hauwe as part of a rebuilding process which previously saw the expensive signings of Paul Gascoigne and Paul Stewart. It takes time for teams to settle, for players to

know instinctively when their colleagues will time their runs to heat offside traps, for defenders to trust their goalkeepers to catch crosses, until players develop such understanding, results will inevitably be patchy.

Mass restructuring of sides can be successful, as Everton appear to be demonstrating so far this season. Colin Harvey faces the onerous task of creating a side of competing with neighbours Liverpool and last season the £2m spent on Tony Cottee looked to be a costly mistake. But Mick Newell, the striker bought from Leicester

has been finding the target and Norman Whiteside has added a competitive edge to the midfield.

There needs to be a period of stability, however, once the revamp has taken place. George Graham, manager of last season's champions Arsenal, has managed to create a settled side at Highbury, based around gifted young players such as Michael Thomas and David Rocastle. And sure enough the north London side is challenging for honours once again.

What is true of nearly all the leading sides is that they depend on fast, passing movements with the ball played to the feet rather than the long ball aimed at some hulking centre forward. The way that Liverpool - and in particular McManis, Barnes, Beardsley and Rush - picked their way through the Tottenham defence last week was a joy to behold.

Brian Clough has consistently achieved success with quick passing sides and if all the leading teams adopt the style, the knock-on effects for British football should be

excellent. First of all, the style requires players who are comfortable on the ball, often the most glaring difference between British and continental professionals. Secondly, playing against the style soon sorts out those defenders who are quick on the turn and nimble in the tackle from those who have relied on height and brawn to subdue opposing centre forwards.

This should also have a positive evolutionary effect on the British game - as defenders become more skilful and speedy to counter fast moving attackers, so the forwards will need to hone their skills even further if they are to score. England will develop more defenders like Des Walker, the Nottingham Forest player who has cemented himself in the national side.

And the higher the general standard of play, the more likely it will be that footballing honours will be shared. The British game lacks the American system of draft choices, which restores the fortunes of falling sides. In Britain, it is all too easy for struggling clubs to keep struggling.

CROSSWORD

No. 7,081 Set by VIXEN Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 15, marked Crossword 7,081 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Finalisation on Saturday November 18.

A crossword puzzle grid with numbers 1 through 27 indicating starting positions for clues. The grid is partially filled with letters.

- ACROSS 1 Value of really quiet lift (8) 2 Superior sailing man with a female following (6) 10 A lotter from home gave an expatriate much pleasure (5) 11 Personal complaint will be made if any tree is damaged (5) 12 I'm drawback in getting behind (9) 13 X's used repeatedly (5) 14 Newly prepared diet - it's prepared for publication (6) 15 Ploughs back the profits? (7) 18 Clay which may be obtained from Tchernan (7) 20 A vehicle left covered in grass (6) 22 Smart street in the Greek capital (6) 24 Embarrassed planter - quite a dog! (3,6) 25 Look again at cut-back in army personnel and secret weapon (3,7) 26 Set against sail treatment with strings attached (5) 27 Placing one in 22 (6) 28 Directions journalists love to write for the making of coffee (8)

- DOWN 17 Turning up under some pressure for final courses (8) 19 European in a minor dictator's service (6) 20 The lack of good spirits upset the German head (7) 21 Air Force officer accepting break with all speed (6) 23 This is pointless in English exercises (5) Solution to Puzzle No. 7,080

A crossword puzzle grid with numbers 1 through 27 indicating starting positions for clues. The grid is partially filled with letters.

- Solution and winners of Puzzle No. 7,069

- DOWN 1 A trick to hold the ring and so cause excitement (6) 2 He claims there's little money about to hand over (5) 3 Cain, as the rating may well show, for "Not by choice" (7,3,5) 4 A guy expected to wait in the main (7) 5 Astirine - Shakespearean player (6,3,6) 6 Precise demand (5) 7 Article possibly seen in a slipp - it would make sense (8) 9 The person who minds being sensitive (8) 16 Just rise, tough to arrange (9)

TELEVISION & RADIO SATURDAY

A detailed television and radio schedule for Saturday. It lists various channels (BBC1, BBC2, LONDON, ANGLIA, BORDER, CHANNEL 4, S4C WALES, GRANADA, ULSTER, HTV, SCOTTISH, TSW, TYNE TEES, YORKSHIRE, RADIO) and their respective programs, including news, sports, and entertainment shows.

SUNDAY

A detailed television and radio schedule for Sunday. It lists various channels (BBC1, BBC2, LONDON, ANGLIA, BORDER, CHANNEL 4, S4C WALES, GRANADA, ULSTER, HTV, SCOTTISH, TSW, TYNE TEES, YORKSHIRE, RADIO) and their respective programs, including news, sports, and entertainment shows.